

**TEMPLATE APPENDIX I**

**ANNUAL CORPORATE GOVERNANCE REPORT  
OF THE LISTED PUBLIC LIMITED COMPANIES**

**ISSUER IDENTIFICATION DETAILS**

END DATE YEAR IN QUESTION 2019

Tax ID. A-28037224

Corporate Name:

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.

Registered address:

C/BALMES, 36. 08007 BARCELONA

**ANNUAL CORPORATE GOVERNANCE REPORT  
OF THE LISTED PUBLIC LIMITED COMPANIES**

**A OWNERSHIP STRUCTURE**

A.1 Fill in the following table about the Company's capital stock:

Date of most recent change	Capital stock (€)	Number of shares	Number of voting rights
18-06-2019	392,264,826	392,264,826	392,264,826

Remarks

Indicate whether there are different share classes with different associated rights:

Yes

No

Class	Number of shares	Face value per share	Number of voting rights per share	Rights and obligations conferred
-	-	-	-	-

Remarks

A.2 List the direct and indirect holders of significant shares as at the reporting date, excluding directors:

Name or corporate name of the shareholder	% voting rights attributed to the shares		% voting rights through financial instruments		Total % of voting rights
	Direct	Indirect	Direct	Indirect	
GATES III, WILLIAM H.	-	5.736	-	-	5.736

Name or corporate name of the shareholder	% voting rights attributed to the shares		% voting rights through financial instruments		Total % of voting rights
	Direct	Indirect	Direct	Indirect	
INVERSORA CARSO S.A. DE C.V.	9.767	71.326	-	-	81.093
NUEVA SAMEDE 2016, S.L.U.	4.534	-	-	-	4.534
ESTHER KOPLOWITZ ROMERO DE JUSEU	0.033	19.983	-	-	20.016

Remarks

List of indirect holdings:

Name or corporate name of the indirect shareholder	Name or corporate name of the direct shareholder	% voting rights attributed to the shares	% voting rights through financial instruments	Total % of voting rights
GATES III, WILLIAM H.	CASCADE INVESTMENT, LLC.	3.986	-	3.986
GATES III, WILLIAM H.	BILL & MELINDA GATES FOUNDATION TRUST	1.750	-	1.750
INVERSORA CARSO, S.A. DE C.V.	CONTROL EMPRESARIAL DE CAPITALES, S.A. DE C.V.	51.360	-	51.360
ESTHER KOPLOWITZ ROMERO DE JUSEU	NUEVA SAMEDE 2016, S.L.U.	4.534	-	4.534
ESTHER KOPLOWITZ ROMERO DE JUSEU	DOMINUM DIRECCIÓN Y GESTIÓN, S.A.	15.434	-	15.434

<b>Name or corporate name of the indirect shareholder</b>	<b>Name or corporate name of the direct shareholder</b>	<b>% voting rights attributed to the shares</b>	<b>% voting rights through financial instruments</b>	<b>Total % of voting rights</b>
ESTHER KOPLOWITZ ROMERO DE JUSEU	EJECUCIÓN Y ORGANIZACIÓN DE RECURSOS, S.L.	0.013	-	0.013
ESTHER KOPLOWITZ ROMERO DE JUSEU	DOMINUM DESGA, S.A.	0.002	-	0.002

<b>Remarks</b>
<p><u>Concerning the position of INVERSORA CARSO, S.A. DE C.V.:</u></p> <p>Regarding the shareholdings through intermediaries (i) 17,785,609 shares in Fomento de Construcciones y Contratas S.A. ("FCC") owned by Nuevas Samede 2016 S.L.U. representing 4.534% of the capital stock of FCC and (ii) the 60,542,615 shares in FCC owned by Dominum Directorate and Management S.A.U., representing 15.434% of the capital stock of FCC; the foregoing is declared for the sole purposes of Article 24.2.B of Royal Decree 1362/2007. In spite of this, Inversora Carso does not hold any right to vote on this 19.968%. Therefore, Inversora Carso owns directly and indirectly, through Control Empresarial de Capitales S.A. de C.V., only 61.125% of the voting rights of FCC.</p>
<p><u>Concerning the position of ESTHER KOPLOWITZ ROMERO DE JUSEU:</u></p> <p>Esther Koplowitz Romero de Juseu directly controls 0.033% of FCC and 19.983% indirectly through Samede Inversiones 2010, S.L.U., Nueva Samede 2016, S.L.U., Dominum Direccion y Gestión, S.A., Dominum Desga, S.A. and Ejecución y Organización de Recursos, S.L.</p>

Indicate the most significant changes in the shareholding structure during the year:

<b>Most significant changes</b>

A.3 Fill in the following tables on the members of the Company's Board of Directors, who have voting rights through their shares in the Company:

Name or corporate name of the director	% voting rights attributed to the shares		% voting rights through financial instruments		Total % of voting rights	% voting rights <u>that can be transferred</u> through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Aboumrad González, Alejandro	0.008	-	-	-	0.008	-	-
Colio Abril, Pablo	0.007	-	-	-	0.007	-	-
Dominum Desga, S.A.	0.002	-	-	-	0.002	-	-
Dominum Dirección y Gestión, S.A.	15.434	-	-	-	15.434	-	-
EAC Inversiones Corporativas, S.L.	0.000	-	-	-	0.000	-	-
Gil Madrigal, Manuel	-	0.007	-	-	0.007	-	-
Inmobiliaria AEG, S.A. de C.V.	0.000	-	-	-	0.000	-	-
Kuri Kaufman, Gerardo	0.005	-	-	-	0.005	-	-
Proglío, Henri	0.001	-	-	-	0.001	-	-
Rodríguez Torres, Juan	0.073	-	-	-	0.073	-	-
Samede Inversiones 2010, S.L.U.	0.000	15.449	-	-	15.449	-	-
Vazquez Lapuerta, Álvaro	0.001	-	-	-	0.001	-	-
Gómez García, Antonio	0.005	-	-	-	0.005	-	-
<b>Total % of voting rights held by the Board of Directors</b>						15.558	

Remarks

List of indirect holdings:

Name or corporate name of the director	Name or corporate name of the direct shareholder	% voting rights attributed to the shares	% voting rights through financial instruments	Total % of voting rights	% voting rights that can be transferred through financial instruments
Gil Madrigal, Manuel	Tasmania Inmuebles, S.L.	0.007	-	0.007	-
Samede Inversiones 2010, S.L.U.	Dominum Dirección y Gestión, S.A.	15.434	-	15.434	-
	Ejecución y Organización de Recursos, S.L.	0.013	-	0.013	-
	Dominum Desga, S.A.	0.002	-	0.002	-

Remarks

A.4 Indicate, as applicable, the family, commercial, contractual or corporate relations between the holders of significant shares, insofar as that they are known by the company, unless they are immaterial or are part of ordinary commercial traffic, with the exception of those reported in section A.6:

Related name or company name	Type of relationship	Brief description
-	-	-

A.5) Indicate, as the case may be, the commercial, contractual or corporate relations between the holders of significant shares, and the company and/or its group, unless they are immaterial or are part of ordinary commercial traffic:

Related name or company name	Type of relationship	Brief description
-	-	-

A.6 Describe the relationships, unless they are immaterial to the two parties, between significant shareholders or parties represented on the Board and directors, or their representatives, in the case of corporate directors.

Explain, as applicable, how significant shareholders are represented. Specifically, indicate the directors appointed on behalf of significant shareholders whose appointment was promoted by significant shareholders, or who were linked to significant shareholders and/or entities in their group, specifying the nature of these relationships. In particular, include the existence, identity and position of Board members, or representatives of directors, of the listed company, who are, in turn, members of the governing body, or their representatives, in companies that hold significant holdings in the listed company or in entities of the group of these significant shareholders.

<b>Name or company name of the director or representative</b>	<b>Name or corporate name of the related significant shareholder</b>	<b>Corporate name of the company of the significant shareholder group</b>	<b>Relationship description/position</b>
Alejandro Aboumrad González	Inversora Carso, S.A. de C.V.	Several subsidiaries of the shareholder	Administrator
Antonio Gómez García	Inversora Carso, S.A. de C.V.	Grupo Carso SAB de C.V.	Alternate Director and General Manager.
		Grupo Frisco SAB de CV	Director
		Grupo Elementia SAB de CV	Director
Gerardo Kuri	Inversora Carso, S.A. de C.V.	Several subsidiaries of the shareholder	Administrator
Juan Rodríguez Torres	Inversora Carso, S.A. de C.V.	Minera Frisco	Director
		Telesites	Non-executive chairman
		Carso Infraestructura y Construcción S.A.B. de C.V. (CICSA)	Director
Alfonso Salem Slim	Inversora Carso, S.A. de C.V.	Several subsidiaries of the shareholder	General Manager and/or Director
Pablo Colio Abril	Inversora Carso, S.A. de C.V.	Carso Infraestructura y Construcción S.A.B. de C.V. (CICSA)	Director
		Cafig Constructores, S.A. de C.V.	Director
		Constructora Terminal Valle de México, S.A. de C.V.	Director
		Servicios Terminal Valle de México, S.A. de C.V.	Director

Name or company name of the director or representative	Name or corporate name of the related significant shareholder	Corporate name of the company of the significant shareholder group	Relationship description/position
		Servicios CTVM, S.A. de C.V.	Director
Inmobiliaria AEG, S.A. de CV	Inversora Carso, S.A. de C.V.	-	-
Samede Inversiones 2010, S.L.,	Nueva Samede 2016, S.L.U.	-	-
EAC Inversiones Corporativas, S.L.	Nueva Samede 2016, S.L.U.	-	-
Dominum Dirección y Gestión, S.A.	Nueva Samede 2016, S.L.U.	-	-
Dominum Desga, S.A.	Nueva Samede 2016, S.L.U.	-	-

Remarks
-

A.7 Indicate whether the Company has been informed of shareholders' agreements that affect it as established in Articles 530 and 531 of the Spanish Corporate Enterprises Act. If applicable, briefly describe them and list the shareholders affected by the agreement:

Yes

No

Participants of the shareholders' agreement	% of capital stock affected	Brief description of the agreement	End date of the agreement, if applicable
ESTHER KOPLOWITZ ROMERO DE JUSEU and CONTROL EMPRESARIAL DE CAPITALES, S.A. DE C.V.	50.16	Relevant fact of 27/1/2014 (see note)	Open-ended
CONTROL EMPRESARIAL DE CAPITALES, S.A. DE C.V., NUEVA SAMEDE 2016, S.L.U., INVERSORA CARSO S.A. DE C.V. and ESTHER KOPLOWITZ ROMERO DE JUSEU	72.36	Relevant fact of 05/02/2016 (see note)	Open-ended



**Remarks**

Relevant Fact of 27/11/2014: FCC's controlling shareholder reported that negotiations with Control Empresarial de Capitales S.A. de C.V., a company owned by Inmobiliaria Carso S.A. de C.V., which in turn is controlled by the Slim family, have been successfully completed.

Relevant Fact of 05/02/2016: For the purposes of continuing with the recapitalisation process of Fomento de Construcciones y Contratas, S.A. ("FCC" or the "Company") through a new capital increase of €709,518,762 announced by the Company on 17 December 2015 (the "New Capital Increase"), the Company has been informed that, Esther Koplowitz Romero de Juseu ("EK") (and the companies related to her, Dominum Direccion y Gestión, S.A. ("Dominum") and Nueva Samede 2016, S.L.U. ("Nueva Samede")) have entered into a non-extinguishing modifying novation contract with Inversora Carso S.A. de C.V. ("I. Carso") and its subsidiary Control Empresarial de Capitales, S.A. de C.V. ("CEC") of the Investment Agreement signed on 27 November 2014 (the "Novation of the Investment Agreement").

The Investment Agreement was included in the relevant fact published on 27 November 2014 and subsequently deposited in the Companies Register of Barcelona.

The main aspects of the Novation of the Investment Agreement are to establish the terms and conditions for: (a) the incorporation of Nueva Samede into the Novation as a future shareholder of FCC following the New Capital Increase, (b) the continuation of the FCC recapitalisation process through the New Capital Increase regulating the subscription commitment of both I. Carso as Nueva Samede and (c) the modification of certain provisions regarding Corporate Governance, the share transfer system as well as the removal of the provision regarding the maximum participation of the parties in the Company's capital shares.

Indicate whether the Company is aware of the existence of coordinated actions between its shareholders. If applicable, describe them briefly:

Yes

No

Participants of coordinated action	% of capital stock affected	Brief description of the coordinated action	End date of the coordinated action, if applicable
-	-	-	-

**Remarks**

If there has been any change or termination of these agreements or coordinated actions during the year, expressly indicate:

A.8 Indicate whether there is any natural or legal person who exercises or may exercise control over the Company pursuant to Article 5 of the Securities Market Law. If applicable, identify this person:

Yes  No

Name or corporate name
INVERSORA CARSO, S.A. DE C.V.

Remarks

A.9 Fill in the following tables about the company's treasury shares:

**At year-end:**

Number of direct shares	Number of indirect shares (*)	Total % of capital stock
1,250,837	-	0.319

Remarks

**(\*) Through:**

Name or company name of the direct holder of the shareholding	Number of direct shares
-	-
<b>Total:</b>	

Remarks

Explain any significant changes during the year:

Explain the significant changes

A.10 Describe the conditions and term of the current mandate of the Shareholders' Meeting to the Board of Directors to issue, repurchase or transfer own shares.

**Ordinary General Meeting Resolution of 28 June 2018 (item seven on the agenda):**

Fomento de Construcciones y Contratas, S.A. was authorised, as were the Group companies meeting any of the circumstances set out under Article 42.1 of the Code of Commerce, to proceed with the derivative acquisition of own shares, through purchase and sale transactions swaps or any others allowed by law, at the price resulting from their stock market price on the day of acquisition, falling between the maximum and minimum values listed below:

The maximum value shall be calculated by increasing the maximum price for the three months prior to the moment at which the acquisition takes place by 20 percent.

The minimum value shall be calculated by deducting 20 percent from the minimum price for the three months prior to the moment at which the acquisition takes place.

In light of this authorisation, the Board, the Executive Committee and the Chief Executive Officer may, interchangeably, acquire their own shares, under the terms provided for in Article 146 of the Spanish Corporate Enterprises Act.

The Board of Directors, the Executive Committee and the Chief Executive Officer may also, interchangeably, allocate all or part of their own shares acquired as part of the execution of remuneration schemes that seek or involve the delivery of shares or option rights over shares, pursuant to the provisions of Article 146.1 of the Spanish Corporate Enterprises Act.

This authorisation is granted for the maximum period legally permitted, pursuant to the limit of the capital stock applicable according to the regulations in force at the time of acquisition.

The acquisition of shares, which shall be fully paid up, must allow FCC Group companies, who, as applicable, have acquired them, to set aside provisions for the restricted reserve set out in Article 148.c) of the Spanish Corporate Enterprises Act.

This authorisation voids the authorisation approved by the Board on 23 May 2013.

A.11 Estimated floating capital.

	%
<b>Estimated floating capital</b>	12.728

<b>Remarks</b>

A.12 Indicate whether there are any restrictions (statutory, legislative or of any kind) on the transferability of securities and/or any restrictions on the right to vote.

Specifically state whether there are any type of restrictions that may make it difficult to assume control of the Company through the acquisition of its shares on the market, as well as those prior authorisation or communication systems that, concerning the acquisition or transfer of the Company's financial instruments, are applicable on account of sector regulations.

Yes

No

<b>Description of the restrictions</b>
-

A.13 Indicate whether the General Meeting has agreed to adopt neutralisation measures against a takeover bid under the provisions of Law 6/2007.

Yes

No

If applicable, explain the approved measures and the terms in which the restrictions will be deemed ineffective:

<b>Explain the measures approved and the terms under which ineffectiveness will occur</b>

A.14 Indicate whether the company has issued securities that are not traded on a regulated market in the European Union.

Yes

No

If applicable, indicate the different classes of shares and, for each class of shares, the corresponding rights and obligations.

Indicate the different classes of shares
-

Note:

On 27 November 2019, it was reported as a relevant fact that FCC Servicios Medio Ambiente Holding, S.A.U., a company fully owned by FCC, approved the issuance of two simple bond (the “Bonds”) as part of an agreement taken by the Board of Directors on 13 November 2019. The Company successfully completed the pricing of the two Bond issues, amounting to €600 million paying annual interest of 0.815% and maturing in 2023; and the amount of €500 million, paying annual interest of 1.661% and maturing in 2026, respectively.

On 16 November 2018, FCC reported the registration of a Euro-Commercial Paper Program (ECP) for a maximum amount of €300 million with the following characteristics as relevant fact number 271621:

1. Issuer: Fomento de Construcciones y Contratas, S.A.
2. Maximum value of the program: €300 million.
3. Stock Market: Main Securities Market of the Irish Stock Exchange (Euronext Dublin).
4. Program Dealers: Bankia, S.A. and Banco Sabadell, S.A.

On 1 June 2017, it was reported as relevant fact and as a continuation to relevant facts Nos. 249540 and 252375, the pricing of two single bond issues by FCC Aqualia, S.A. (subsidiary of Fomento de Construcciones y Contratas, S.A.), for the sum of €700,000,000 paying annual interest of 1.413% and maturing in 2022 and for the sum of €650,000,000, paying annual interest of 2.629% and maturing in 2027, respectively. Both issues were secured against specific assets of the FCC Aqualia Group. Upon approval and registration of the corresponding prospectus, the Bonds were accepted to trading on the unregulated market (Global Exchange Market) of the Irish Stock Exchange.

**B GENERAL SHAREHOLDERS' MEETING**

B.1 Indicate and, where appropriate, describe, whether there are differences with the system of minimum quorums provided for in the Spanish Corporate Enterprises Act (LSC) with respect to the quorum of the General Meeting of Shareholders.

Yes  No

	<b>% quorum other than the figure established in Art. 193 Spanish Corporate Enterprises Act for general situations</b>	<b>% quorum other than the figure established in Art. 194 Spanish Corporate Enterprises Act for the special cases set out in Art. 194 of the Spanish Corporate Enterprises Act</b>
<b>Quorum required at 1st call</b>	50.00%	50.00%
<b>Quorum required at 2nd call</b>	45,00%	45,00%

<b>Description of the differences</b>
<p><b>Consolidated Text of the Corporate Bylaws Approved at the Ordinary General Meeting on 28 June 2016 and registered with the Companies Register of Barcelona on 21 October 2016</b></p> <p><b>Art. 17.- Constitution of the Meeting</b></p> <p>1. The Ordinary or Extraordinary General Meeting of Shareholders shall be validly constituted, at the first call, when the shareholders present or represented account for at least fifty percent (50%) of the subscribed capital with the right to vote; and at the second call, the constitution of the Meeting shall be valid when the shareholders present or represented account for at least forty-five percent (45%) of the subscribed capital with the right to vote. The foregoing shall not apply to cases in which, pursuant to items on Agenda, it is not legally possible to require a percentage of capital greater than the figure established by the applicable regulations for the valid constitution of the General Meeting of Shareholders.</p> <p>2. Furthermore, the percentages mentioned above shall also apply for the Ordinary and Extraordinary General Meeting of Shareholders to validly approve bond issues that, pursuant to the regulations in force at any time, the General Meeting is responsible for, any increase or reduction in capital, the transformation, merger or division of the Company, the global assignment of assets and liabilities, the suppression or limitation of the first right of refusal on new shares, the transfer of the Company's registered address abroad and, in general, any amendment to the Bylaws.</p> <p>If, to validly adopt an agreement with respect to any, or several, items on the agenda of the General Meeting of Shareholders, pursuant to the applicable legal or statutory regulations, a certain percentage of the capital stock must be in attendance and this percentage is not reached, or the consent of the specific shareholders affected is required and they are not present or represented, the General Meeting of Shareholders shall be limited to discussing and deciding on items on the agenda that do not require the attendance of this percentage of the capital stock or the aforementioned shareholders.</p>

B.2 Indicate and, where appropriate, describe whether there are differences with the system provided for in the Spanish Corporate Enterprises Act (LSC) for the adoption of corporate resolutions:

Yes  No

Describe the differences from the system provided for in the LSC.

	Super majority other than the figure established in Article 201.2 LSC for the hypotheses provided for in 194.1 LSC	Other cases of super majority
% established by the entity for the adoption of resolutions	50.01%	0.00%
<b>Describe the differences</b>		
<p><b>Consolidated Text of the Corporate Bylaws Approved at the Ordinary General Meeting on 28 June 2016 and registered with the Companies Register of Barcelona on 21 October 2016</b></p> <p><b>Art. 26.- Deliberations. Adoption of resolutions. Proceedings</b></p> <p>3 [...] In particular, the issuance of shares or bonds or securities convertible into shares with the exclusion of the first right of refusal in favour of the shareholders of the Company shall be approved when more than fifty percent (50%) of the subscribed share capital present or represented with voting rights vote in favour.</p>		

Note:

50.01% is calculated against the subscribed share capital with voting rights.

B.3 Indicate the rules applicable to the modification of the Company's Bylaws. In particular, indicate the majorities required to modify the Bylaws, as well as, where applicable, the rules in place to protect the rights of shareholders in the modification of the Bylaws.

As adopted at the Ordinary General Meeting of Shareholders of 28 June 2016, following the amendments to the Company's Bylaws, Article 26.3 establishes the following:

“Resolutions shall be adopted by a simple majority of the votes of shareholders present or represented at the meeting, on the understanding that a resolution is adopted when it obtains more votes in favour than votes against from the capital present or represented, except in the cases in which the Law or these Bylaws require a qualified majority.

In particular, the issuance of shares or bonds or securities convertible into shares with the exclusion of the first right of refusal in favour of the shareholders of the Company shall be approved when more than fifty percent (50%) of the subscribed share capital present or represented with voting rights vote in favour”.

Therefore, the Company's internal rules do not contain any provisions relating to the modification of the Bylaws, other than those provided for by Law.

B.4 Indicate the attendance details at the general meetings held in the year to which this report refers and those in the preceding years:

Date of the general meeting	Attendance details				Total
	% attendance in person	% by proxy	% remote voting		
			Electronic voting	Other	
8-05-2019	20.082%	70.735%	0.004%	0.005%	90.827%
Of which, Floating capital:	0.115%	9.223%	0.004%	0.005%	9.347%
28-06-2018	20.119%	69.418%	0.001%	0.003%	89.541%
Of which, Floating capital:	0.062%	8.307%	0.001%	0.003%	8.373%
28/06/2017	20.261%	68.631%	0.004%	0.030%	88.92%
Of which, Floating capital:	0.238%	7.520%	0.004%	0.030%	7.792%

Remarks
-

B.5 Indicate whether there have been any items on the agenda at general meetings held during the year that, for any reason, have not been approved by shareholders.

Yes  No

Items on the agenda that have not been approved	% vote against (*)

(\*) If the non-approval of the item can be traced to a cause other than a vote against, an explanation shall be provided in the text section and in the “% vote against” column, “N/A” shall be inserted.



B.6. Indicate whether there are any statutory restrictions that establish a minimum number of shares necessary to attend the General Shareholders' Meeting, or to vote remotely:

Yes  No

<b>Number of shares required to attend the General Shareholders' Meeting</b>	
<b>Number of shares required to vote remotely</b>	

<b>Remarks</b>

B.7 Indicate whether it has been established that certain resolutions, other than those established by law, involving an acquisition, disposal, contribution of essential assets to another company or other similar corporate transactions, must be submitted for approval by the General Shareholders' Meeting.

Yes  No

<b>Explanation of the resolutions that must be submitted to the General Shareholders' Meeting, other than those established by Law</b>
<p>The resolutions not established by Law and that, according to the Bylaws approved at the Ordinary General Shareholders' Meeting on 28 June 2016, must be taken by the General Shareholders' Meeting are:</p> <p>Article 14 of the Bylaws, paragraphs e), f), l) and o):</p> <p>“e) The issuance or creation of new classes or series of shares.”</p> <p>“f) The issuance of bonds and other securities that, pursuant to the applicable regulations at any time, are the responsibility of the General Shareholders' Meeting and the delegation to the Board of Directors of the power to issue them.”</p> <p>“l) Transactions whose effect is equivalent to the winding up of the Company.”</p> <p>“o) The authorisation to acquire own shares within the legal limits.”</p>

B.8 Indicate the address and manner of accessing the company's website for information on Corporate Governance and other information on general shareholders' meetings that must be made available to shareholders on the Company's website.

The FCC website ([www.fcc.es](http://www.fcc.es)) has a section dedicated to Corporate Governance, accessible from the home page, through the “Shareholders and investors” and “Responsibility and Sustainability” sections. This website contains information regarding the Company's regulations on Corporate Governance, governing bodies, annual Corporate Governance and remuneration reports, shareholders' meetings, shareholder agreements, and Ethics and Integrity. Furthermore, using these tabs, under the heading “General Shareholders' Meeting”, shareholders can access information on electronic voting and the electronic forum of shareholders, pursuant to the provisions of Article 539.2 of the consolidated text of the Spanish Corporate Enterprises Act.

The website is just two clicks from the home page. Its contents are structured and hierarchised, under quick access headings and all its pages can be printed out.

The pages of this website have been developed pursuant to Level AA of UNE Standard 139803:2012, which, in turn, is based on the W3C 2.0 Web Content Accessibility Guidelines.

All Priority 1 and Priority 2 requirements have been checked by expert accessibility analysts using manual accessibility analyses, complemented by different semi-automatic tools, user agents and technical aids.

## C STRUCTURE OF THE COMPANY'S ADMINISTRATION

### C.1. Board of Directors

C.1.1 Maximum and minimum number of directors provided for the Bylaws and the number defined by the General Shareholders' Meeting:

<b>Maximum number of directors</b>	15
<b>Minimum number of directors</b>	15
<b>Number of directors defined by the Shareholders' Meeting</b>	15

<b>Remarks</b>

C.1.2 Fill in the following table with Board members:

<b>Name or corporate name of the director</b>	<b>Representative</b>	<b>Director category</b>	<b>Position on the Board</b>	<b>First appointment date</b>	<b>Last appointment date</b>	<b>Election procedure</b>	<b>Date of birth</b>
Dominum Desga, S.A	Esther Alcocer Koplowitz	Proprietary	Chairwoman	27-09-2000	28-06-2016	General Shareholders' Meeting Resolution	10/11/1970
Samede Inversiones 2010, S.L.U.	Esther Koplowitz Romero de Juseu	Proprietary	Deputy Chairwoman	13-04-2015	08-05-2019	General Shareholders' Meeting Resolution	10/08/1950
Pablo Colio Abril		Executive	Chief Executive Officer	12-09-2017	28-06-2018	General Shareholders' Meeting Resolution	8/06/1968
Alejandro Aboumrad González		Proprietary	Director	13-01-2015	08-05-2019	General Shareholders' Meeting Resolution	26/02/1980
Dominum Dirección y Gestión, S.A.	Carmen Alcocer Koplowitz	Proprietary	Director	26-10-2004	08-05-2019	General Shareholders' Meeting Resolution	01/01/1974
EAC Inversiones Corporativas	Alicia Alcocer Koplowitz	Proprietary	Director	30-03-1999	28-06-2017	General Shareholders'	10/10/1971

Name or corporate name of the director	Representative	Director category	Position on the Board	First appointment date	Last appointment date	Election procedure	Date of birth
						Meeting Resolution	
Manuel Gil Madrigal		Independent	Director	27-02-2015	08-05-2019	General Shareholders' Meeting Resolution	1/05/1960
Antonio Gómez García		Proprietary	Director	29-06-2016	29-06-2016	General Shareholders' Meeting Resolution	21/02/1961
Inmobiliaria AEG, S.A. de CV	Carlos Slim Helú	Proprietary	Director	13-01-2015	08-05-2019	General Shareholders' Meeting Resolution	28/01/1940
Gerardo Kuri Kaufmann		Executive	Director	13-01-2015	08-05-2019	General Shareholders' Meeting Resolution	17/12/1983
Henri Proglio		Independent	Director	27-02-2015	08-05-2019	General Shareholders' Meeting Resolution	29/06/1949
Juan Rodríguez Torres		Proprietary	Director	7-10-2015	28-06-2016	General Shareholders' Meeting Resolution	5/08/1939
Alfonso Salem Slim		Proprietary	Director	29-06-2016	29-06-2016	General Shareholders' Meeting Resolution	3/11/1961
Álvaro Vázquez de Lapuerta		Independent	Director	27-02-2015	08-05-2019	General Shareholders' Meeting Resolution	30/04/1957

<b>Total number of directors</b>	14
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Indicate any departures, either by resignation, dismissal, or for any other cause, that have occurred on the Board of Directors during the reporting period:

Name or corporate name of the director	Category of the director at the time of departure	Date of most recent appointment	Departure date	Special commissions of which he/she was a member	Indicate whether the departure occurred before the end of the term.
Carlos M. Jarque Uribe	Proprietary	29-06-2016	09-05-2019	No	Yes

Causes of departure and other remarks
Personal reasons.

C.1.3 Fill in the following tables on the Board members and their different categories:

**EXECUTIVE DIRECTORS**

Name or corporate name of the director	Position in the company's organisational chart	Profile
Pablo Colio Abril	Chief Executive Officer of FCC, Chairman of FCC Construcción, Chairman of FCC Medio Ambiente and Deputy Chairman of FCC Servicios Medioambientales Holding, S.A.	<p>Architect, graduating from the Higher Technical School of Madrid. He has spent most of his professional career at FCC, a company to which he has dedicated more than 24 years.</p> <p>Within the Group, he has been responsible for the international expansion of the Industrial area. Positions he has previously held include Managing Director of FCC Construcción and Managing Director of FCC Industrial.</p> <p>He is the CEO of the FCC Group and a member of its Executive Committee, functions that are compatible with those of the Chairman of FCC Construcción, Chairman of FCC Medio Ambiente and Deputy Chairman of FCC Servicios Medioambientales Holding, S.A. He is also a director of the Mexican firm Carso Infraestructuras y Construcción (CICSA).</p>
Gerardo Kuri Kaufmann	Chief Executive Officer of Cementos Portland Valderrivas	<p>Industrial Engineer graduate from the University of Anáhuac (Mexico). From 2008 to 2010, he served as purchasing director at Carso Infraestructuras y Construcción, S.A.B. de C.V. From the incorporation of Inmuebles Carso, S.A.B de C.V., he has been in charge of its General Management. He is a member of the board of directors of Minera Frisco SAB. de C.V., Elementia, S.A., Philip Morris México, S.A. de C.V. and Inmuebles Carso, S.A.B de C.V. He is the CEO of Cementos Portland Valderrivas, S.A. and Realía Business, S.A.</p>

<b>Total number of executive directors</b>	2
<b>% of the total Board</b>	14.29

<b>Remarks</b>

**EXTERNAL PROPRIETARY DIRECTORS**

Name or corporate name of the director	Name or corporate name of the significant shareholder that he/she represents or that has proposed his/her appointment	Profile
<p>Dominum Desga, S.A. (Represented by Esther Alcocer Koplowitz)</p>	<p>Dominum Dirección y Gestión, S.A.</p>	<p>Degree in Law, she has completed the Senior Business Management Program (PADE) at the IESE in Madrid. Since January 2013, she has served as Chairwoman of the FCC Group, a member of its Executive Committee and the Appointments and Remuneration Committee. She is also a director at Cementos Portland Valderrivas, on behalf of EAC Medio Ambiente, S.L., Realía, on behalf of EAC Inversiones Corporativas, S.L., and CaixaBank-Banca Privada.</p> <p>The representatives of Dominum Desga, S.A., Samede Inversiones 2010, S.L.U., Dominum Direction and Management, S.A. and EAC Inversiones Corporativas, S.L. maintain a parent-subsidary relationship.</p> <p>(See Section A.6 of this Report for a description of the relationships between the director and the significant shareholders).</p>
<p>Samede Inversiones 2010, S.L.U (Represented by Esther Koplowitz Romero de Juseu)</p>	<p>Dominum Dirección y Gestión, S.A.</p>	<p>Shareholder in FCC, S.A. through Dominum Dirección y Gestión, S.A. she is a member of the Board of Directors of FCC, S.A., and the company's Deputy Chairwoman. She is also a director at FCC Environment.</p> <p>She holds a degree in Philosophy and Arts from the University of Madrid; she has developed her business experience in the international field as a Director of Veolia and Vivendi.</p> <p>She is founder and chairwoman of the Esther Koplowitz Foundation. Among other acknowledgements, she has been awarded: the Grand Cross of Civil Merit, the Gold Medal of the Region of Madrid, the Gold Medal and the title of Academic of Honour of the Royal Academy of History, the distinction of Honorary Citizen by the Valencia City Council, the City of Barcelona Coat of Arms, the Business Leader of the Year award, granted by the Spanish Chamber of Commerce in the USA, the Blanquerna Prize of the Generalitat of Catalonia, Madrid Grand Cross of Healthcare, the Gold and Diamond Insignia of the Police Orphans Foundation, Légion d'Honneur of the French Republic and The Grand Cross of the Civil Order of Environmental Merit, awarded by the Spanish Council of Ministers.</p> <p>The representatives of Dominum Desga, S.A., Samede Inversiones 2010, S.L.U., Dominum Direction and Management, S.A. and EAC Inversiones</p>

Name or corporate name of the director	Name or corporate name of the significant shareholder that he/she represents or that has proposed his/her appointment	Profile
		<p>Corporativas, S.L. maintain a parent-subsiidiary relationship.</p> <p>(See Section A.6 of this Report for a description of the relationships between the director and the significant shareholders).</p>
Alejandro Aboumrad González	Control Empresarial de Capitales, S.A. de C.V.	<p>Industrial Engineer graduate from the University of Anáhuac (Mexico). He has worked in subsidiaries and companies related to Grupo Carso during the last 14 years, of which five years he worked at Grupo Financiero Inbursa in the area of Project Evaluation and Risk Assessment. He is member of the board of directors of Inmuebles Carso, S.A.B. of C.V. and Minera Frisco, S.A.B. of C.V., holding the post of General Manager with the latter. He is a director at Cementos Portland Valderrivas, S.A. on behalf of Inmobiliaria AEG, S.A. de C.V., and director and Chairman of the Board of Directors of FCC Aqualia and Chairman of FCC Servicios Medioambiental Holding, S.A.</p> <p>(See Section A.6 of this Report for a description of the relationships between the director and the significant shareholders).</p>
Dominum Dirección y Gestión, S.A. (Represented by Carmen Alcocer Koplowitz)	Dominum Dirección y Gestión, S.A.	<p>Graduate in Law from the Francisco de Vitoria University of Madrid. She is a director at FCC, S.A. She is a director at B-1998, S.L. and sits on the Board of Directors of Cementos Portland Valderrivas, S.A., on behalf of Meliloto, S.L. She is a board member of the Esther Koplowitz Foundation.</p> <p>The representatives of Dominum Desga, S.A., Samede Inversiones 2010, S.L.U., Dominum Direction and Management, S.A. and EAC Inversiones Corporativas, S.L. maintain a parent-subsiidiary relationship.</p> <p>(See Section A.6 of this Report for a description of the relationships between the director and the significant shareholders).</p>
EAC Inversiones Corporativas, S.L. (Represented by Alicia Alcocer Koplowitz)	Dominum Dirección y Gestión, S.A.	<p>A Law graduate, she started her professional career at Banco Zaragozano, where she worked for four years in the Finance Department, at the bank's treasury desk and served as a director.</p> <p>She is a director at FCC and a member of its Executive Committee. In turn, she is chairwoman of Cementos Portland Valderrivas, S.A. and a member of its Executive Committee and its Appointments and Remuneration Committee.</p> <p>She is a member of the Innovation Committee, under the Secretary of State for Science, Technology, and Innovation.</p>



Name or corporate name of the director	Name or corporate name of the significant shareholder that he/she represents or that has proposed his/her appointment	Profile
		<p>She is also a member of the Board of the Esther Koplowitz Foundation and the Valderrivas Foundation.</p> <p>The representatives of Dominum Desga, S.A., Samede Inversiones 2010, S.L.U., Dominum Direction and Management, S.A. and EAC Inversiones Corporativas, S.L. maintain a parent-subsidary relationship.</p> <p>(See Section A.6 of this Report for a description of the relationships between the director and the significant shareholders).</p>
Antonio Gómez Garcia	Control Empresarial de Capitales, S.A. de C.V.	<p>He is a graduate in Industrial Engineering from the Universidad Iberoamericana. He has held the position of Managing Director of Grupo Porcelanite, S.A. de C.V., US Commercial Corp., S.A.B de C.V., and he currently performs the role of Managing Director at Carso Infraestructura y Construcción, S.A. de C.V., Managing Director of Grupo Condumex, S.A. de C.V., and Managing Director of Grupo Carso, S.A.B. de C.V.</p> <p>(See Section A.6 of this Report for a description of the relationships between the director and the significant shareholders).</p>
Inmobiliaria AEG, S.A. de CV (Represented by Carlos Slim Helú)	Control Empresarial de Capitales, S.A. de C.V.	<p>Civil Engineer from the National Autonomous University of Mexico (UNAM). Founder of Grupo Carso, S.A.B. de C.V., América Móvil, Grupo Financiero Inbursa, and Inversora bursátil. He is the owner of Teléfonos de México (Telmex).</p> <p>He has been Deputy Chairman of the Mexican Stock Exchange and Chairman of the Mexican Association of Brokerage Houses.</p> <p>He was the first Chairman of the Latin American Committee of the New York Stock Exchange Board of Directors.</p> <p>He is currently Chairman of the Board of Directors of Carso Infraestructuras y Construcción (CICSA), Minera Frisco and Chairman of Fundación Carlos Slim de la Educación, A.C. and Fundación Telmex, A.C. Additionally, he is a member of the Board of Directors of Inmuebles Carso, Ideal and Trustee of the Banking Foundation 'La Caixa'.</p> <p>(See Section A.6 of this Report for a description of the relationships between the director and the significant shareholders).</p>
Juan Rodriguez Torres	Control Empresarial de Capitales, S.A. de C.V.	<p>Civil Engineer from the Autonomous University of Mexico. He has a full Master's degree in Operational Planning and Research from UNAM. He has also completed administration studies at IPADE and obtained a diploma in prestressed concrete in Paris. He</p>

Name or corporate name of the director	Name or corporate name of the significant shareholder that he/she represents or that has proposed his/her appointment	Profile
		<p>founded the Mexican Business Generation Association. He has been Production Manager and Controller of Preesforzados Mexicanos, S.A. de ICA, and Managing Director of Domit Group in the footwear sector.</p> <p>Currently he is a director of Minera Frisco, S.A.B. de S.A. of C.V. and member of the Consultant Board of Banamex-Citi. He is a director of Cementos Portland Valderrivas, S.A. on behalf of Inmuebles Inseo, S.A. de C.V. He is a non-executive chairman of Realia.</p> <p>(See Section A.6 of this Report for a description of the relationships between the director and the significant shareholders).</p>
Alfonso Salem Slim	Control Empresarial de Capitales, S.A. de C.V.	<p>He graduated in Civil Engineering from University of Anahuac in the class of 80-84. Throughout his professional career, Salem Slim has performed the role of assistant director of Expansion at Sanborns Hermanos; director of Shopping Centres at Grupo CARSO; director of Real-Estate at INBURSA; Managing Director of Hoteles Calinda, Managing Director of Grupo PC Constructores; Managing Director of IDEAL, and he is currently Deputy Chairman of the Board of Directors of IDEAL and Chairman of the Board of Directors and Managing Director of Inmuebles CARSO. He is also a member of the Board of Directors of Grupo CARSO; IDEAL; CICSA; Carso Real Estate; SEARS; Gigante Grupo Inmobiliario; ELEMENTIA and Gas Natural Fenosa.</p> <p>(See Section A.6 of this Report for a description of the relationships between the director and the significant shareholders).</p>

<b>Total number of proprietary directors</b>	9
<b>% of the total Board</b>	64.29

<b>Remarks</b>

**INDEPENDENT EXTERNAL DIRECTORS**

<b>Name or corporate name of the director</b>	<b>Profile</b>
Manuel Gil Madrigal	He holds a degree in Law and Business Sciences (E-3) by ICADE and is a founding partner of the company Tasmania Gestión. In 2000 he was also founder of the financial company N+1 and has been a board member of Ezentis, Funespaña, General de Alquiler de Maquinaria (GAM) and Campofrío, among other companies. During his career he has also been director of Capital Markets for AB Asesores Bursátiles, partner of Morgan Stanley and auditor of Arthur Andersen.
Henri Proglío	A graduate of the Higher School of Business Administration (HEC) in Paris, he is the Chairman of Thales. He is currently a director of Natixis Banque and of Dassault Aviation. He has also served as Chairman of the energy giant Électricité de France (2009-2014) and Veolia Environnement (2003-2009), as well as a board member of FCC, Lagardère Group and Vinci, among other companies.
Álvaro Vázquez de Lapuerta	He holds a degree in Law and Business Studies (E-3) by ICADE and is currently a partner of the firms Akiba Partners and Meridia Capital Partners. He was Managing Director for Spain and Portugal at Dresdner Kleinwort, and CEO and head of Investor Relations at securities firm BBVA Bolsa. Previously he held various positions at JP Morgan in Mexico, New York, London and Madrid.

<b>Total number of independent directors</b>	3
<b>% total of the Board</b>	21.43

<b>Remarks</b>

Indicate whether any director qualified as independent receives any amounts or benefits for any concept other than director remuneration from the company or its group, or maintains or has maintained, during the last tax year, a business relationship with the company or with any company in its group, either in its own name or as a significant shareholder, director or senior manager of an entity with which he/she maintains or has maintained this relationship.

None

As applicable, a reasoned statement by the Board shall be included providing the reasons why it believes that this director can perform his/her duties as an independent director.

Name or corporate name of the director	Description of the relationship	Reasoned statement

**OTHER EXTERNAL DIRECTORS**

The other external directors shall be identified and the reasons they cannot be considered proprietary or independent and their relationships, whether with the Company, its directors, or its shareholders, shall be detailed:

Name or corporate name of the director	Reasons	Company, executive or shareholder with whom he/she maintains a relationship	Profile

<b>Total number of other external directors</b>	
<b>% total of the Board</b>	

Remarks

Indicate the changes to the category of each director that, as appropriate, have occurred during the period:

Name or corporate name of the director	Change date	Previous category	Current category
-	-	-	-

Remarks

C.1.4 Fill in the following table with information regarding the number of female directors at the end of the past 4 years, as well as the category of these female directors:

	Number of female directors				% of the total number of directors for each category			
	Business year t	Business year t-1	Business year t-2	Business year t-3	Business year t	Business year t-1	Business year t-2	Business year t-3
<b>Executive</b>	0	0	0	0	0	0	0	0
<b>Proprietary</b>	4	4	4	4	44.44	40	40	44.44
<b>Independent</b>	0	0	0	0	0	0	0	0
<b>Other External</b>	0	0	0	0	0	0	0	0
<b>Total:</b>	4	4	4	4	28.57	26.66	26.66	26.66

Remarks
-

C.1.5 Indicate whether the company has diversity policies in place in relation to the company's Board of Directors in terms of issues including age, gender, disability, or professional training and experience. SMEs, pursuant to the definition contained in the Account Audit Law, shall report, as a minimum, the policy established in relation to gender diversity.

Yes       No       Partial policies

If so, describe these diversity policies, their objectives, the measures and the way in which they were applied and their results during the business year. The specific measures adopted by the Board of Directors and the Appointments and Remuneration Committee to achieve a balanced and diverse presence of directors shall also be indicated.

In case the company has no diversity policy in place, explain the reasons for this.

<b>Description of the policies, objectives, measures and manner in which they have been applied, as well as the results obtained</b>
<p>Article 38.4.h of the Rules of the Board establishes, in accordance with the duties of the Appointments and Remuneration Committee, the following: “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. For the purposes of the foregoing, it must establish a representation objective for the less represented gender in the Board of Directors and prepare guidelines on how to achieve this objective”.</p> <p>In 2019, and until 2021, FCC has renewed its commitment to the Diversity Charter, a voluntary code for the promotion of the core Equality principles. The initiative, promoted by the Directorate of Justice at the European Commission as part of the development of its anti-discrimination policies, contemplates the implementation of inclusion policies and non-discrimination programmes at signatory companies.</p>

C.1.6 Explain the measures that, where appropriate, the Appointments Committee may have agreed to ensure the selection procedures do not suffer from implicit biases that prevent the selection of female directors, and to ensure the company deliberately seeks and includes among the potential candidates, women who meet the professional profile sought and make it possible to achieve a balanced presence of women and men:

<b>Explanation of the measures</b>
<p>Article 38.4.h of the Rules of the Board establishes, in accordance with the duties of the Appointments and Remuneration Committee, the following: “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. For the purposes of the foregoing, it must establish a representation objective for the less represented gender in the Board of Directors and prepare guidelines on how to achieve this objective”.</p> <p>The Appointments and Remuneration Committee has not established, to date, specific additional measures to those contained in Article 38.4.h of the Rules of the Board, nor objectives other than those pertaining to the current situation. The percentage of female directors on the Board of Directors is 28.57 percent.</p>

When, despite the measures adopted, as applicable, the number of female directors is low or zero, explain the reasons that justify this:

<b>Explanation of the reasons</b>
-

C.1.7 Explain the conclusions of the Appointments Committee on the verification of compliance with the director selection policy. And in particular, on how this policy promotes the objective that in 2020, female directors will account for at least 30% of the total members of the Board of Directors.

At the General Shareholders' Meeting of 28 June 2016, four new directors were appointed at the proposal of the controlling shareholder, Inversora Carso, in use of the powers granted in the shareholder agreement of 25 February 2016. The mandates of two other directors were also renewed at the aforementioned meeting.

On 12 September 2017, the Board of Directors appointed Pablo Colio Abril as CEO by co-option. Subsequently, on 28 June 2018, the General Shareholders' Meeting agreed to appoint Pablo Colio Abril, a member of the Board of Directors, as an executive director.

In all six cases, the Appointments and Remuneration Committee issued a favourable report to the Board of Directors on the suitability of the directors.

To this end, the Appointments and Remuneration Committee has not established, to date, objectives other than those pertaining to the current situation or additional measures to those contained in Article 38.4.h of the Rules of the Board.

As at 31 December 2019, the representation of female directors on the Board of Directors of FCC, came to 28.57 percent, with Esther Alcocer Koplowitz serving as its non-executive Chairwoman.

C.1.8 Explain, where appropriate, the reasons that proprietary directors have been appointed at the request of shareholders whose shareholding is less than 3% of capital stock:

<b>Name or corporate name of the shareholder</b>	<b>Justification</b>
-	-

Indicate whether formal requests for presence on the Board from shareholders whose shareholding is equal to or greater than that of others, at whose request proprietary directors have been appointed, have not been met. If applicable, explain the reasons that they have not been addressed:

Yes

No

Name or corporate name of the shareholder	Explanation

C.1.9 Indicate, whether any powers have been delegated by the Board of Directors to directors or Board Committees and what these entail:

Name or company name of the director or committee	Brief description
Pablo Colio Abril	All except those that are non-delegable

C.1.10 Identify, as the case may be, the members of the Board that assume the positions of administrators, representatives of administrators or directors at other companies that are part of the listed Company's group:

Name or corporate name of the director	Corporate name of the Group company	Position	Entrusted with executive functions?
EAC, Inversiones Corporativas, S.L.	Cementos Portland Valderrivas	Chairmanship	No
Inmobiliaria AEG, S.A. de C.V.	Cementos Portland Valderrivas	Director	No
Gerardo Kuri Kaufmann	Cementos Portland Valderrivas	Chief Executive Officer	Yes
Juan Rodríguez Torres	Cementos Portland Valderrivas	Director	No
	FCC Aqualia	Director	No
Álvaro Vázquez de Lapuerta	Cementos Portland Valderrivas	Director	No
Alejandro Aboumrad González	Cementos Portland Valderrivas, S.A.	Representative of Inmobiliaria AEG, S.A.	No
	FCC Aqualia, S.A.	Director and Chairman of the Board of Directors	No
Antonio Gómez García	FCC Américas	Alternate director	No



<b>Name or corporate name of the director</b>	<b>Corporate name of the Group company</b>	<b>Position</b>	<b>Entrusted with executive functions?</b>
Pablo Colio Abril	FCC Medio Ambiente, S.A.	Chairman	Yes
	FCC Aqualia, S.A.	Director	No
	FCC Construcción, S.A.	Chairman	Yes
	FCC Environment (UK) Limited	Administrator	Yes
	FCC Medio Ambiente Reino Unido, S.L.U	Deputy Chairman	Yes
	FCC Servicios Medio Ambiente Holding, S.A.U	Deputy Chairman	Yes
	Fomento de Construcciones y Contratas, S.A	Chief Executive Officer	Yes

<b>Remarks</b>

C.1.11 If applicable, list the directors or representatives of corporate directors of your Company, who are members of the Board of Directors or representatives of corporate directors of other companies listed on official securities markets other than your Group, of which the Company has been informed:

<b>Name or corporate name of the director</b>	<b>Corporate name of the listed company</b>	<b>Position</b>
EAC Inversiones Corporativas, S.L. (represented by Esther Alcocer Koplowitz)	Realia Business	Director
Gerardo Kuri Kaufmann	Realia Business	Chief Executive Officer
Manuel Gil Madrigal	Barón de Ley, S.A.	External director-other
Juan Rodriguez Torres	Realia Business	Non-executive chairman

<b>Remarks</b>

C.1.12 Indicate and, if applicable, explain whether the Company has established rules on the maximum number of Boards of Directors on which its directors may sit, identifying, where appropriate, where this provision is regulated:

Yes

No

Explanation of the rules and identification of the document where this is regulated

C.1.13 Indicate the amounts of the following concepts relating to the global remuneration of the Board of Directors:

Remuneration accrued during the business year in favour of the Board of Directors (thousands of euros)	1,833
Amount of rights accrued by current directors for pension benefits (thousands of euros)	0
Amount of rights accrued by former directors for pension benefits (thousands of euros)	3,100

Remarks
-

C.1.14 Identify members of Senior Management who are not executive directors, and indicate the total remuneration accrued in their favour during the business year:

Name or corporate name	Position(s)
Marcos Bada Gutiérrez	Managing Director of Internal Audit
Felipe B. García Pérez	General secretary
Miguel Ángel Martínez Parra	Managing Director of Administration and Finance
Félix Parra Mediavilla	Managing Director of Aqualia

<b>Total Senior Management remuneration (thousands of euros)</b>	1,819.13
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<b>Remarks</b>

C.1.15 Indicate whether there has been any change in the Rules of the Board during the business year:

Yes                       No

<b>Description of the changes</b>

C.1.16 Indicate the procedures for the selection, appointment, re-election and removal of directors. List the competent bodies, the procedures to be followed and the criteria to be used in each of the procedures:

The General Shareholders' Meeting is responsible for the appointment and removal of directors. Directors may be re-elected indefinitely, one or more times, for maximum periods of four years (Article 30.3 of the Bylaws).

Pursuant to Article 29.4 of the Bylaws, in its proposals for the appointment, re-election, ratification or removal of directors submitted to the General Shareholders' Meeting and in the appointment decisions adopted by the Board in the use of its legally attributed powers of co-option, the Board of Directors shall follow the criteria and guidelines established in this regard in the Rules of the Board of Directors.

Chapter IV of the Rules of the Board on the “Appointment and Removal of Directors” regulate these cases:

Article 16. Appointment, ratification or re-election of directors. 1. Proposals for the appointment or re-election of directors submitted by the Board of Directors for consideration by the General Shareholders' Meeting and the appointment decisions adopted by the Board in the use of its legally attributed powers of co-option, shall fall on persons of recognised prestige, solvency, technical competence and experience, and shall be approved by the Board at the proposal of the Appointments and Remuneration Committee, in the case of independent directors, and after a report from the Appointments and Remuneration Committee, in the case of other directors. 2. All proposals shall be accompanied by a justifying report from the Board assessing the competence, experience and merits of the proposed candidate, which shall be attached to the minutes of the General Shareholders' Meeting or the Board meeting. 3. If a legal person is appointed as a Director, it shall be required to appoint one natural person to permanently exercise the corresponding duties, who shall be subject to the requirements of prestige, solvency, technical competence and experience and the system of prohibitions and incompatibilities indicated in these Rules and the duties of the Director established in these Rules shall be enforceable in a personal capacity. Corporate directors cannot revoke the appointment of a representative until they designate a replacement. Likewise, the proposed representation by a natural person shall be subject to a report by the Appointments and Remuneration Committee. 4. From the moment at which the announcement of the General Shareholders' Meeting is published, the Board of Directors shall publish, on its website, the following information on the persons proposed for the appointment or ratification as Directors and, where appropriate, on the natural person

representing the corporate director: (i) their professional and biographical profile; (ii) other Boards of Directors on which they sit, whether they are listed companies or not; (iii) indication of the category of director to which they belong as appropriate, indicating, in the case of proprietary directors, the shareholder promoting their appointment, re-election or ratification or with whom they have ties; (iv) date of their initial appointment as a director at the Company, as well as subsequent appointments; (v) shares in the Company and derivative financial instruments whose underlying objects are shares in the Company, held by the director who is being ratified or re-elected or the candidate nominated to occupy the position for the first time. This information shall be kept up to date; and (vi) the reports and proposals from the competent bodies in each case. 5. The secretary of the Board of Directors shall provide each new director with a copy of the Bylaws, of these Rules, of the FCC Group's Code of Ethics, of the Internal Code of Conduct for the Stock Market, the latest individual and consolidated annual accounts and management reports, approved by the General Shareholders' Meeting, the corresponding audit reports and the latest financial and economic information submitted to the markets. They shall also be provided with the identification of the current account auditors and their representatives. 6. Each director shall sign a document confirming receipt of this documentation, that they are aware of its contents and that they faithfully fulfil their duties as a director. 7. The Company shall establish orientation programmes that provide new directors with fast and sufficient knowledge of the Company and its Group as well as the Corporate Governance rules, in addition to imparting knowledge refresher courses when the circumstances so require.

#### Article 17. Duration of the position

1. Directors shall serve in their post during the term established in the Bylaws. 2. Directors appointed by co-option shall hold their position until the date on which the first General Shareholders' Meeting is held. Furthermore, if the vacancy arises once the General Shareholders' Meeting has been called and before it is held, the Board of Directors may appoint a director until the next General Shareholders' Meeting is held. 3. A director whose mandate is coming to an end or who, for any other reason, ceases to hold office, may not provide services at a competitor of FCC for a period of two (2) years. 4. The Board of Directors, if deemed appropriate, may dispense with this obligation or shorten its duration.

#### Article 18. Re-election of directors

In addition to satisfying the established requirements in terms of appointments established in Article 16 above, prior to any re-election of directors that is submitted to the General Shareholders' Meeting, the Appointments and Remuneration Committee must issue a report in which the quality of work and dedication to the position of the proposed directors during the previous term.

#### Article 19. Departure of directors.

1. Directors shall step down from their posts when the period for which they were appointed comes to an end or when the General Shareholders' Meeting decides so in the use of its legally and statutorily conferred powers. 2. Directors shall make their position available to the Board of Directors and formalise, if the Board deems appropriate, their resignation in the following cases: a) When they step down from their positions, posts or functions to which their appointment as executive directors was associated. b) In the case of proprietary directors, when the shareholder at whose request they were appointed transfers their entire shareholding in FCC or reduces their shareholding to a level that requires the reduction of the number of proprietary directors. c) When they are affected by any of the cases of incompatibility or prohibition provided by Law. d) When approved by at least two thirds (2/3) of the members of the Board: - if, having infringed their obligations as directors, they are seriously reprimanded by the Board, at the proposal or subject to a report by the Appointments and Remuneration Committee, or - when their permanence on the Board may place the credit and reputation of the Company at risk. In this regard, the directors must inform the Board of criminal cases in which they are named as defendants and the subsequent legal proceedings.

In any case, if any Director is prosecuted or tried for any of the corporate crimes established in Article 213 of the Spanish Corporate Enterprises Act, the Board shall examine the case as soon as possible and, based on the specific circumstances, decide whether the director should submit his resignation or not, providing a reasoned account of this in the Annual Corporate Governance Report. 3. In the event that a natural person representing a corporate director is affected by any of the cases provided for in the previous section, this person shall be disqualified from exercising this representation. 4. The Board of Directors may not propose the removal of any independent director before the end of the statutory period for which they were appointed, unless there is just cause, identified by the Board following in a report from the Appointments and Remuneration Committee. In particular, it shall be understood that there is just cause when the Director had breached the duties inherent to their position or incurred in any of the circumstances described in Article 6.2.a) of these Regulations, which prevent their appointment as an independent director. The removal of independent directors may also be proposed as a result of takeovers, mergers or similar corporate transactions that involve a change in the capital structure of the Company, when these changes in the structure of the Board are attributable to the proportionality of the number of proprietary directors and independent directors in relation to the capital represented by the proprietary directors and the remainder of the capital stock. 5. When either by resignation or for any other reason, a director steps down from his/her post before the end of the corresponding term, an explanation shall be provided in writing sent to all the members of the Board, notwithstanding his/her resignation being communicated as a relevant fact and the reason for the resignation being reported in the Annual Corporate Governance Report. In particular, if the resignation of the Director is due to the fact that the Board has taken significant or repeated decisions, concerning which the director has made serious reservations and as a consequence of which, he/she decides to resign, in the letter of resignation addressed to other members, this circumstance shall be expressly stated.

C.1.17 Explain the extent to which the annual assessment of the Board has resulted in significant changes to your internal organisation and the procedures applicable to your activities:

<b>Description modifications</b>
In 2019, no shortcomings have been detected that make an action plan necessary.

Describe the assessment process and the areas assessed by the Board of Directors assisted, where appropriate, by an external consultant, regarding the functioning and composition of the Board and its committees and any other area or aspect that has been subject to assessment.

The Board of Directors of Fomento de Construcciones y Contratas, S.A. (hereinafter, the Company) issued a report assessing the quality and efficiency of its functioning, and the functioning of its Committees, during 2019, with a view to complying with the duties imposed by Article 34.9 of the Rules of the Board of Directors, through which recommendation 36 of the Code of Good Governance for Listed Companies published by the CNMV on 18 February 2015, Article 529 nonies of the Spanish Corporate Enterprises Act and the instructions of Technical Guide 3/2017 of the CNMV published in June 2017 was introduced.

The report was examined and approved by the Company's Board of Directors, which in accordance with the aforementioned Article 34.9 of the Rules of the Board is the body responsible for assessing the quality and efficiency of its own functioning, at its meeting on 21 January 2020. In preparing the report, all the members of the Board of Directors were involved and actively participated, taking into consideration the comments, assessments, opinions and suggestions expressed as part of this process by all of them.

For the 2019 financial report, the self-assessment process was performed assessing the different aspects that affect the functioning, efficiency and quality of the actions taken and decisions made by the Board of Directors, as well as the contribution of its members to the exercise of the duties and achievement of the aims assigned to the Board.

Furthermore, the respect and compliance by the Board of Directors and its members for the statutory precepts, the Rules of the Board of Directors and, in general, the rules of Good Governance of Listed Companies have been taken into account.

C.1.18 Breakdown, for business years in which the assessment has been aided by an external consultant, of the business relationships that the consultant or any company in its Group maintains with the Company or any company in its Group.

The information and advice of the internal services of the Company has been provided, without such advice being received from external consultants.
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C.1.19 Indicate the cases in which directors are required to resign.

Consolidated text of the Rules of the Board of Directors following the modifications of 28 July 2016 and registered in the Companies Register on 21 October 2016)

Article 19. Departure of directors

1. Directors shall step down from their posts when the period for which they were appointed comes to an end or when the General Shareholders' Meeting decides so in the use of its legally and statutorily conferred powers.

2. Directors shall make their position available to the Board of Directors and formalise, if the Board deems appropriate, their resignation in the following cases:

a) When they step down from their positions, posts or functions to which their appointment as executive directors was associated.

b) In the case of proprietary directors, when the shareholder at whose request they were appointed transfers their entire shareholding in FCC or reduces their shareholding to a level that requires the reduction of the number of proprietary directors.

c) When they are affected by any of the cases of incompatibility or prohibition provided by Law.

d) When approved by at least two thirds (2/3) of the members of the Board: - if, having infringed their obligations as directors, they are seriously reprimanded by the Board, at the proposal or subject to a report by the Appointments and Remuneration Committee, or - when their permanence on the Board may place the credit and reputation of the Company at risk. In this regard, the directors must inform the Board of criminal cases in which they are named as defendants and the subsequent legal proceedings. In any case, if any director is prosecuted or tried for any of the corporate crimes established in Article 213 of the Spanish Corporate Enterprises Act, the Board shall examine the case as soon as possible and, based on the specific circumstances, decide whether the director should submit his resignation or not, providing a reasoned account of this in the Annual Corporate Governance Report.

3. In the event that a natural person representing a corporate director is affected by any of the cases provided for in the previous section, this person shall be disqualified from exercising this representation.

4. The Board of Directors may not propose the removal of any independent director before the end of the statutory period for which they were appointed, unless there is just cause, identified by the Board following in a report from the Appointments and Remuneration Committee. In particular, it shall be understood that there is just cause when the director had breached the duties inherent to their position or incurred in any of the circumstances described in Article 6.2.a) of these Regulations, which prevent their appointment as an independent director. The removal of independent directors may also be proposed as a result of takeovers, mergers or similar corporate transactions that involve a change in the capital structure of the Company, when these changes in the structure of the Board are attributable to the proportionality of the number of proprietary directors and independent directors in relation to the capital represented by the proprietary directors and the remainder of the capital stock.

5. When either by resignation or for any other reason, a director steps down from his/her post before the end of the corresponding term, an explanation shall be provided in writing sent to all the members of the Board, notwithstanding his/her resignation being communicated as a relevant fact and the reason for the resignation being reported in the Annual Corporate Governance Report. In particular, if the resignation of the Director is due to the fact that the Board has taken significant or repeated decisions, concerning which the Director has made serious reservations and as a consequence of which, he/she decides to resign, in the letter of resignation addressed to other members, this circumstance shall be expressly stated.

C.1.20 Are super majorities, other than those provided for by law, required for any type of decision?

Yes

No

If applicable, describe the differences.

Description of the differences
-

C.1.21 Explain whether there are specific requirements, other than those applicable to all directors, to be appointed as Chairman of the Board of Directors.

Yes  No

Description of the requirements

C.1.22 Indicate whether the bylaws or the rules of the board establish a limit on the age of directors:

Yes  No

	Age limit
Chairman	
Chief Executive Officer	
Director	

Remarks

C.1.23 Indicate if the Bylaws or rules of the Board establish a limit on mandates or other more stringent requirements in addition to those legally provided for independent directors, with the exception of those established in the regulations:

Yes  No

Additional requirements and/or maximum number of mandates.	
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C.1.24 Indicate whether the Bylaws or rules of the Board of Directors establish specific rules for the delegation of the votes of directors to other directors, the applicable procedure and, in particular, the maximum number of delegations that may be made to the same director, as well as if any limits have been established on the categories to which it is possible to delegate, beyond the limits imposed by the legislation. As applicable, describe these rules briefly.

There are no formal procedures for the delegation of votes on the Board of Directors.

C.1.25 Indicate the number of meetings held by the Board of Directors during the year. Furthermore, indicate, where appropriate, the times that the Board has met without the presence of the Chairman. In this calculation, proxies granted with specific instructions shall be considered as attendance.

<b>Number of Board meetings</b>	8
<b>Number of Board meetings without the Chairman's attendance</b>	0

<b>Remarks</b>

Indicate the number of meetings held by the coordinating director with other directors, without the attendance or representation of any executive director:

<b>Number of meetings</b>	-
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<b>Remarks</b>

Indicate the number of meetings held by the different Board Committees during the year:

<b>Number of executive committee meetings</b>	7
<b>Number of audit committee meetings</b>	9
<b>Number of appointments and remuneration committee meetings</b>	6
<b>Number of _____ committee meetings</b>	-

<b>Remarks</b>

C.1.26 Indicate the number of meetings held by the Board of Directors during the year and the attendance details of its members:

<b>Number of meetings at which at least 80% of directors were in attendance</b>	8
<b>% of face-to-face attendance divided by total votes during the year</b>	96.52%
<b>Number of meetings with the face-to-face attendance, or proxies made with specific instructions, of all directors</b>	5
<b>% of votes cast with face-to-face attendance and proxies made with specific instructions, divided by total votes during the year</b>	96.52%

<b>Remarks</b>
In terms of the number of meetings held, only face-to-face attendance has been taken into account, since no proxies were made with specific instructions.

C.1.27 Indicate whether the individual and consolidated annual accounts submitted to the Board for preparation have been certified previously:

Yes  No

Identify, where appropriate, the person(s) who has/have certified the company's individual and consolidated annual accounts for their preparation by the Board:

Name	Position
Pablo Colio Abril	Chief Executive Officer
Miguel Martínez Parra	Managing Director of Administration and Finance
Juan José Drago Masiá	Managing Director of Administration

Remarks

C.1.28 Explain, if any, the mechanisms established by the Board of Directors to prevent the individual and consolidated accounts it prepares from being presented at the General Shareholders' Meeting with reservations in the audit report.

The duties of the Audit and Control Committee include, but are not limited to, reviewing the preparation of the financial and economic information that FCC Group publishes periodically. This duty acquires special relevance in the case of annual information, in such a way that, prior to the preparation of the annual accounts by the Board of Directors, the Audit and Control Committee examines these accounts extensively and requests the external auditor's participation on the Committee to present the conclusions of its review work.

Thus, once prepared by the Board, the external auditor's report will not contain any reservations.

C.1.29 Does the secretary of the Board have director status?

Yes

No

If the secretary does not have director status, fill in the following table:

Name or corporate name of the secretary	Representative
Francisco Vicent Chuliá	-

Remarks

C.1.30 Indicate the specific mechanisms established by the Company to preserve the independence of the external auditors, as well as, if applicable, the mechanisms to preserve the independence of financial analysts, investment banks and rating agencies, including how they have implemented the legal provisions in practice.

To this end, Article 37. 5 of the Rules of the Board states that “The primary duty of the Audit and Control Committee shall be to support the Board of Directors in its oversight tasks, by periodically reviewing, among others, the process of preparing financial and economic information., its internal controls and the independence of the external auditor. In particular, by way of example, and without prejudice to other tasks entrusted to it by the Board of Directors, the Audit and Control Committee shall be responsible for:

- a) Informing the General Shareholders' Meeting about the issues raised in relation to the matters within its remit and, in particular, the outcome of the audit, explaining how it has contributed to the integrity of the financial information and the role that the Committee has played in that process.
- b) Serve as a channel of communication between the Board of Directors and the Company's external auditor, assessing the results of each audit. The external auditor shall also: (i) submit proposals for the selection, appointment, re-election and replacement of the account auditor to the Board of Directors, assuming responsibility for the selection process, pursuant to the provisions of EU regulations, as well as the conditions under which they were contracted; (ii) regularly gather information from the external auditor on the audit plan and the results of its performance, in addition to maintaining its independence in the performance of its duties and verifying that Senior Management takes its recommendations into account; (iii) discuss the significant weaknesses of the internal control system detected in the development of the audit with the Company's external auditor, without compromising its independence. To this end, and where appropriate, the Audit and Control Committee may submit recommendations or proposals to the Board of Directors and the corresponding monitoring period. (iv) establish the appropriate relationships with the External Auditor to receive information on issues that may pose a threat to their independence, for consideration by the Committee, and any other relating to the process of performing Accounts Audits and, where appropriate, the authorisation of services other than those prohibited, under the terms provided for in the regulations governing Account Auditing activities on the system of independence, as well as any other communications provided for in the Account Auditing legislation and in the audit regulations; (v) ensure the independence of the external auditor, establishing, in particular, appropriate measures: 1) so that the contracting of advisory and consulting services with the auditor or companies in its Group does not pose a risk to its independence, to which end the Committee shall request and receive from the auditor each year a declaration of its independence in relation to the Company or entities linked to it directly or indirectly, as well as the detailed, individual information of any type of additional services provided and the corresponding fees received from these entities by the external auditor or by the persons or entities linked to it, pursuant to the provisions of the regulatory regulations on Account Auditing activities, and 2) so that the Company can communicate the change in auditor as a relevant fact to the CNMV and accompany this communication with a statement on any possible disagreements with the outgoing auditor and, as applicable, their nature, and in case of the resignation of the external auditor, examine the underlying circumstances; and (vi) encourage the Company's auditor to assume responsibility for audits of other Group companies.
- c) Each year, prior to the issuance of the account auditing report, issue a report that expresses an opinion on whether the independence of the auditors or audit firms has been compromised. This report shall contain, in any case, a reasoned assessment on the provision of each and every one of the additional services referred to in section b)v)1) above, taken individually and as a whole, other than the legal audit and in relation to the system of independence or the regulations governing the account auditing activities.
- d) The supervision of the Company's Internal Audit services that ensure the proper functioning of the information and internal control systems, with the person responsible for the Internal Audit function being

required to present his/her annual work plan to the Committee and directly inform this body of any incidents that occur in the performance of his/her duties and submit a report on his/her activities at the end of each year.

e) Supervise and analyse the effectiveness of the Company's internal control and of the risk control and management policy approved by the Board of Directors, ensuring that it identifies, as a minimum: (i) the different types of risks faced by the Company, including financial or economic risks, contingent liabilities and other off-balance sheet risks; (ii) the determination of the level of risk that the Company considers acceptable; (iii) the measures planned to mitigate the impact of the risks identified, should they materialise; and (iv) the information and internal control systems that will be used to control and manage the aforementioned risks, including contingent liabilities or off-balance sheet risks, and submit this to the Board for approval.

f) Supervise the process of preparing and presenting individual and consolidated annual accounts and management reports, and the periodic financial information that is disclosed to the markets, and submit recommendations or proposals to the Board of Directors with a view to safeguarding their integrity; ensuring compliance with the legal requirements and the correct application of generally accepted accounting principles, informing the Board of Directors, before the adoption by the latter of the following resolutions: (i) financial information that, given its status as a listed company, the Company is required to publish periodically, ensuring that the interim accounts are prepared using the same accounting criteria as annual accounts and, to that end, consider the suitability of a limited review of the Company's external auditor; and (ii) the creation or acquisition of interests in special purpose entities or those registered in countries or territories that are considered tax havens, as well as any other transactions or operations of a similar nature that, given their complexity, could undermine the transparency of the FCC Group.

g) In relation to information and internal control systems: (i) supervise the preparation process and the integrity of the Company's financial information and, where appropriate, the Group's financial information, ensuring compliance with regulatory requirements, the adequate definition of the consolidation perimeter and the correct application of accounting criteria; (ii) periodically supervise the internal control and risk management systems, including tax risks, ensuring that the main risks are properly identified, managed and disclosed; (iii) ensure the independence and effectiveness of the Internal Audit function, proposing the selection, appointment, re-election and removal of the head of the Internal Audit service, as well as the budget of this service, receiving periodic information about its activities and verifying that Senior Management takes into account the conclusions and recommendations in its reports; periodically receive information from the Response Committee and the Management Control and Risk Management Division, respectively, on the performance of their activities and the operation of internal controls; and (v) ensure that internal codes of conduct and corporate governance rules comply with regulatory requirements and are appropriate for the Company, in addition to reviewing compliance, by people affected by these codes and rules of governance, of their obligations to inform the Company.

h) Issue the reports and proposals requested by the Board of Directors or by the Chairman of the Board of Directors and those deemed appropriate in the proper performance of their duties and, in particular, (i) issue a report on the proposed modification of this Regulation, pursuant to the provisions of Article 4.3; (ii) make decisions in relation to the requests for information that directors, pursuant to the provisions of Article 26.3 of these Rules, submit before this Committee; and (iii) request, where appropriate, the inclusion of items on the agenda of Board meetings under the conditions and deadlines provided for in Article 34.3 of these Rules.”

C.1.31 Indicate whether during the business year, the Company has changed its external auditor. If applicable, identify the incoming and outgoing auditor:

Yes

No

Outgoing auditor	Incoming auditor

Remarks

If there have been disagreements with the outgoing auditor, explain the nature of these:

Yes

No

Explanation of disagreements

C.1.32 Indicate whether the audit firm performs other work for the Company and/or its Group other than those inherent to audits and, in that case, state the fees received for this work and the percentage they represent of the fees billed to the Company and/or its Group:

Yes

No

	Company	Group companies	Total
<b>Value of work other than audits (thousands of euros)</b>	-	-	-
<b>Value of work other than audits/Value of audit works (in %)</b>	-	-	-

Remarks

C.1.33 Indicate whether the audit report of the previous year's annual accounts includes reservations or qualifications. As applicable, indicate the reasons given to shareholders at the General Shareholders' Meeting by the Chairman of the Audit Committee to explain the content and scope of these reservations or qualifications.

Yes  No

Explanation of the reasons

C.1.34 Indicate the number of years that the current audit firm has been continuously auditing the Company's individual and/or consolidated annual accounts. Furthermore, indicate the percentage that the number of years audited by the current audit firm accounts for in terms of the total number of years in which the annual accounts have been audited:

	Individual	Consolidated
Number of uninterrupted years	18	18

	Individual	Consolidated
Number of exercises audited by the current audit firm/Number of years that the Company or its Group have been audited (in %)	60.00%	60.00%

Remarks
The Company and the FCC Group has been audited by Deloitte, S.L. since 2002. Previously, starting in 1990, the Company and the Group was audited by Arthur Andersen, a firm that disappeared worldwide in 2002, becoming part of Deloitte.

C.1.35 Indicate and, as applicable, describe if there is a procedure for directors to receive the necessary information to prepare meetings with administrative bodies with sufficient time:

Yes  No

**Describe the procedure**

Rules of the Board of Directors. Article 26. Information and inspection powers

“1. In the performance of their duties, every director has the duty to demand and the right to obtain from the Company, the adequate and necessary information that will allow them to fulfil their obligations concerning all aspects of FCC and its subsidiaries and investees, whether national or foreign. To this end, they may examine the documentation deemed necessary, make contact with those responsible for the affected departments and visit the corresponding facilities. 2. To refrain from disturbing the ordinary management of the FCC Group, the exercise of the powers of information shall be channelled through the Chairman, who shall respond to the director's requests, directly providing the information or offering the details of the corresponding contacts at the corresponding organisational level. 3. If the request for information is denied, delayed or incorrectly responded to, the requesting director may repeat their request before the Audit and Control Committee, and, once the Chairman and the requesting director have provided their reasons, this Committee shall decide how to proceed for the purposes mentioned above. 4. The requested information may only be denied when, in the opinion of the Chairman and the Audit and Control Committee, it is unnecessary or harmful to the Company's corporate interests. This refusal shall not apply when the request has been supported by the absolute majority of the Board members”.

C.1.36 Indicate and, where appropriate, describe, whether the Company has established rules that require directors to report and, where appropriate, resign in cases that may be damaging to the credit and reputation of the Company:

Yes

No

**Explain the rules**

Rules of the Board of Directors. Article 25. Information duties of Directors.

Directors shall inform the FCC Appointments and Remuneration Committee, through the Corporate Responsibility Department or any other that may replace it, of the following points: d) Legal, administrative or other claims that, given their importance, could seriously affect the reputation of FCC. e) In general, any circumstance or situation that may be relevant to their performance as an FCC Director.

Article 19. Departure of the Director.

1. Directors shall step down from their posts when the period for which they were appointed comes to an end or when the General Shareholders' Meeting decides so in the use of its legally and statutorily conferred powers.

2. Directors shall make their position available to the Board of Directors and formalise, if the Board deems appropriate, their resignation in the following cases: a) When they step down from their positions, posts or functions to which their appointment as executive directors was associated. b) In the case of proprietary directors, when the shareholder at whose request they were appointed transfers their entire shareholding in FCC or 18 reduces their shareholding to a level that requires the reduction of the number of proprietary directors. c) When they are affected by any of the cases of incompatibility or prohibition provided by Law. d) When approved by at least two thirds (2/3) of the members of the Board: - if, having infringed their obligations as directors, they are seriously reprimanded by the Board, at the proposal or subject to a report by the Appointments and Remuneration Committee, or - when their permanence on the Board may place



**Explain the rules**

the credit and reputation of the Company at risk. In this regard, the directors must inform the Board of criminal cases in which they are named as defendants and the subsequent legal proceedings. In any case, if any Director is prosecuted or tried for any of the corporate crimes established in Article 213 of the Spanish Corporate Enterprises Act, the Board shall examine the case as soon as possible and, based on the specific circumstances, decide whether the director should submit his resignation or not, providing a reasoned account of this in the Annual Corporate Governance Report.

3. In the event that a natural person representing a corporate director is affected by any of the cases provided for in the previous section, this person shall be disqualified from exercising this representation.

4. The Board of Directors may not propose the removal of any independent director before the end of the statutory period for which they were appointed, unless there is just cause, identified by the Board following in a report from the Appointments and Remuneration Committee. In particular, it shall be understood that there is just cause when the director had breached the duties inherent to their position or incurred in any of the circumstances described in Article 6.2.a) of these Regulations, which prevent their appointment as an independent director. The removal of independent directors may also be proposed as a result of takeovers, mergers or similar corporate transactions that involve a change in the capital structure of the Company, when these changes in the structure of the Board are attributable to the proportionality of the number of proprietary directors and independent directors in relation to the capital represented by the proprietary directors and the remainder of the capital stock.

5. When either by resignation or for any other reason, a director steps down from his/her post before the end of the corresponding term, an explanation shall be provided in writing sent to all the members of the Board, notwithstanding his/her resignation being communicated as a relevant fact and the reason for the resignation being reported in the Annual Corporate Governance Report. In particular, if the resignation of the director is due to the fact that the Board has taken significant or repeated decisions, concerning which the director has made serious reservations and as a consequence of which, he/she decides to resign, in the letter of resignation addressed to other members, this circumstance shall be expressly stated”.

C.1.37 Indicate whether any member of the Board of Directors has informed the Company that he/she has been prosecuted or tried for any of the crimes indicated in Article 213 of the Spanish Corporate Enterprises Act:

Yes  No

Director's name	Criminal case	Remarks

Indicate whether the Board of Directors has analysed the case. If the answer is “yes”, explain, in a reasoned manner, the decision taken on whether or not the director should continue in his/her position or, if applicable, explain the actions of the Board of Directors to the date of this report or that it plans on carrying out.

Yes

No

Decision taken/action performed	Reasoned explanation

C.1.38 Detail the significant agreements that the Company has entered into and that come into force, are modified or terminated in the event that control of the Company is handed over following a takeover, and their effects.

On 5 February 2016, Nueva Samede 2016, S.L.U. (“Nueva Samede”) and I. Carso entered into a options contract to buy shares in Fomento de Construcciones y Contratas, S.A. (“FCC”) before Madrid Notary Jaime Recarte Casanova, recorded under his notary protocol No. 285 (“Purchase Option”), by virtue of which Nueva Samede irrevocably granted I. Carso an option to purchase 9,454,167 ordinary shares of FCC, representing 2.496% of its share capital and of which Nueva Samede is the proprietor after the subscribing and paying in of the capital increase of FCC as entered on record in the Barcelona Companies Registry on 4 March 2016 (the “Affected Shares”).

The Affected Shares are part of the 7.028% share capital of FCC held by Nueva Samede 2016, S.L.U. (“Nueva Samede”) that are attributed to I. Carso for the exclusive effects of article 5.1.d of the Spanish Royal Decree on regulating takeovers and regarding which I. Carso has no direct or indirect vote whatsoever.

In relation to the foregoing, as at 22 July 2016, I. Carso exercised the Purchase Option held over all the Shares Affected and effective 14 June 2016. However, the formal arrangement of the exercise of the Purchase Option was subject to the condition precedent which, cumulatively, results in the following: (i) the authorization by the National Securities Market Commission of the Bid submitted by CEC, approved on 29 June 2016, and (ii) the presence on the FCC Board of Directors of a majority of directors appointed at the request of I. Carso and/or CEC or any company associated with I. Carso (the, “Condition Precedent”), which was fulfilled following the appointments of Miguel Martinez Parra, Alfonso Salem Slim, Antonio Gomez García, and Carlos Manuel Jarque Uribe on 28 June 2016. As at 22 July 2016, pursuant to the provisions of Article 36.2 of Royal Decree 1066/2007, of 27 July, the National Securities Market Commission communicated, through a relevant fact, that the takeover proposed by Control Empresarial de Capitales, S.A. de C.V. involving 100% of the capital stock of Fomento de Construcciones y Contratas, S.A., had been accepted for 97,211,135 shares representing 48.30% of the shares included in the bid and 25.66% of the capital stock of Fomento de Construcciones y Contratas, S.A.

C.1.39 Identify individually, when referring to directors, and on an aggregate basis for other cases and indicate, in detail, the agreements between the Company and its administrative and management positions or employees concerning compensation, guarantee or shield clauses, when they resign or are dismissed improperly or if the contractual relationship comes to an end as a result of a takeover bid or other transactions.

<b>Number of beneficiaries</b>	2
<b>Type of beneficiary</b>	<b>Description of the agreement</b>
Chief Executive Officer	<p>And if the contractual relationship is terminated at the will of the CEO for any of the following causes:</p> <ul style="list-style-type: none"> <li>- Substantial changes in working conditions that are notoriously detrimental to his professional training, that are detrimental to his dignity, or that are decided with serious transgression of good faith, by the Company.</li> <li>- Failure to pay for three consecutive months or six alternate months, or continued delay in the payment of the remuneration agreed under the contract.</li> <li>- Succession of a company or significant change in ownership of the same, which has the effect of a renewal of its governing bodies or the content of its main activity, provided that the termination occurs within three months of the occurrence of such changes.</li> <li>- Any other serious breach of the contractual obligations by the Company, with the exception of force majeure budgets, in which the payment of compensation shall not be applicable.</li> </ul> <p>As in the case of free and unilateral termination from the Company, he will have the right to receive compensation resulting from the sum of the following two items:</p> <p>a) The amount resulting from the termination of the employment relationship that the CEO previously held with FCC Construcción or with any other company of the FCC Group using 12 September 2017 as the calculation date (and in accordance with the applicable regulations on that date).</p> <p>The amount resulting from multiplying 7 days wages by the number of years that have elapsed from 12 September 2017 until the contract expires.</p>
General secretary	<p>Concerning the general secretary, an executive director up until 13 January 2015, the Company, having received authorisation from the Executive Committee, took out and paid up the insurance premium to cover the payment of contingencies relating to death, permanent incapacity for work, retirement pensions and benefits or other concepts to be paid, in addition to others, to certain executive directors and executives.</p> <p>Specifically, the contingencies giving rise to compensation are those involving the termination of the employment relationship for any of the following reasons:</p> <p>a) Unilateral decision of the Company.</p> <p>b) Winding up or disappearance of the Parent Company for any reason, including a merger or spin-off.</p>

<b>Number of beneficiaries</b>	2
<b>Type of beneficiary</b>	<b>Description of the agreement</b>
	c) Death or permanent disability. d) Other causes of physical disability or legal incapacitation. e) Substantial modification of professional conditions. f) Resignation, having reached the age of 60, at the request of the executive and with the agreement of the Company. g) Resignation, having reached the age of 65, by unilateral decision of the executive. As at 31 December 2019, the Secretary General is entitled to a net amount equivalent to 3.5 times his annual gross remuneration.

Indicate whether, beyond the assumptions provided for in the regulations, these contracts must be communicated and/or approved by the corresponding bodies of Company or its Group. If so, specify the procedures, expected cases and the nature of the bodies responsible for their approval or communication:

	<b>Board of Directors</b>	<b>General Shareholders' Meeting</b>
<b>Body authorising the clauses</b>	X	

	<b>YES</b>	<b>NO</b>
<b>Is the General Shareholders' Meeting aware of the clauses?</b>	X	

<b>Remarks</b>

## C.2 Board Committees

C.2.1 Provide details of all the Board Committees, their members and the proportion of executive, proprietary, independent and other external directors who serve on them:

### EXECUTIVE COMMITTEE

Name	Position	Category
Alejandro Aboumrad González	Chairman	External proprietary director
Dominum Desga, S.A. (represented by Esther Alcocer Koplowitz)	Voting member	External proprietary director
EAC Inversiones Corporativas, S.L. (represented by Alicia Alcocer Koplowitz)	Voting member	External proprietary director
Gerardo Kuri Kaufmann	Voting member	Executive director
Juan Rodríguez Torres	Voting member	External proprietary director
Pablo Colio Abril	Voting member	Executive director

% of executive directors	33.33
% of proprietary directors	66.67
% of independent directors	0
% of other external directors	0

Remarks

Explain the functions delegated or attributed to this Committee other than those already described in section C.1.10, and describe the procedures and rules for its organisation and functioning. For each of these functions, indicate its most important actions during the year and how it have exercised each of the functions attributed in practice, whether by law, in the Bylaws or in other corporate agreements.

## Rules of the Board of Directors.

### Article 36. The Executive Committee.

1. The Board may permanently delegate all its powers to the Executive Committee, with the exception of those whose competence is reserved by Law, the Bylaws or these Rules. In particular, the Executive Committee shall be responsible, unless otherwise provided for in the delegation of powers granted by the Board, to rule on matters of investments, divestments, credits, loans, guarantees or deposits or any other financial facility, when the unit amount of which does not exceed the figure established in Article 7.2.o). Furthermore, the Executive Committee may exercise, for reasons of urgency, the powers attributed to the Board of Directors, in accordance with Article 8 of these Rules. 2. The Board of Directors, pursuant to a report issued by the Appointments and Remuneration Committee, shall appoint the directors to serve on the Executive Committee, ensuring that the shareholding structure in the different director categories is similar to that of the Board itself. Its Secretary shall be the Secretary to the Board of Directors. 3. The Executive Committee shall consist of a minimum of four (4) and a maximum of ten (10) members. 4. The members of the Executive Committee shall step down from their posts when they step down in their capacity as Director or when the Board so agrees. Vacancies that occur shall be filled as soon as possible by the Board of Directors. 5. The Chairman of the Executive Committee shall be appointed from among its members by the Committee itself. In the absence or if it is impossible for the Chairman of the Executive Committee to attend a meeting, or if this position has been vacated, the corresponding functions shall be exercised by the member elected to this post by the majority of those in attendance at the meeting. 6. The Executive Committee shall hold ordinary meetings each month in which the Board of Directors is not due to hold a meeting, excluding the month of August, and may meet on an extraordinary basis whenever required on account of the company's corporate interests. 7. The Executive Committee shall be called to meet by its Chairman, at his/her own initiative or at the request of at least two (2) of its members, by letter, telegram, email or fax, addressed to each of the Committee's members at least forty-eight (48) hours in advance of the date of the meeting; however, it may be called 24 (twenty-four) hours in advance of the date and time of the meeting on urgent grounds, in which case, the agenda of the meeting shall be limited to the urgent items on which grounds it was called. Along with the announcement of each meeting, the corresponding documentation will be sent to the members of the Executive Committee so that they can form an opinion and cast their vote. 8. In the absence or if it is impossible for the Chairman of the Executive Committee to attend a meeting, or if this position has been vacated, the meeting may be called by the member of the Committee who has served in his/her position the longest and, in the event of a tie, the oldest in age. For legal persons, the age of the natural person representing the company shall be taken into account for this purpose. 9. Meetings shall be held at the registered office or at any place designated by the Chairman as indicated in the announcement. 10. The Executive Committee shall be validly constituted when at least a majority of its members are in attendance, counting those present and those represented. Those absence may be represented by another member of the Executive Committee. In any case, non-executive Directors may only be represented by another non-executive Director. 11. Deliberations shall be guided by the Chairman, who shall hand the floor over to attendees who ask to speak. 12. Resolutions shall be adopted by an absolute majority of the Committee's members. In case of a tie, the matter shall be submitted to the Board of Directors, to which end the members of the Executive Committee shall ask for it to meet pursuant to the provisions of Article 34 of these Rules, unless it was already due to meet in the following thirty (30) calendar days, in which case the Committee will ask the Chairman of the Board to include the items resulting in a tie on the agenda of the meeting. 13. The Executive Committee, through its Chairman, shall inform the Board of the matters discussed and the resolutions adopted by the Committee, sending a copy of the meeting minutes to all directors.

At a meeting held on 21 January 2020, a report was issued on the functioning of the Committee and the performance of its duties in 2019, concluding that the Executive Committee responsibly assumes and performs the duties and powers delegated to it by the Board of Directors, diligently and effectively handling the Company's affairs that require constant attention and monitoring.

Regarding the most important actions carried out by the aforementioned Committee, worth note is that the Committee has met seven times over the course of 2019, and with the appropriate frequency to perform its duties.

During these meetings, a total of 27 resolutions have been adopted, ranging from authorisations for the constitution of new companies, for the dissolution and winding up of others, authorisations for the sale of certain companies, and the acquisition of others, for capital increases, capital reductions, increases in the shareholding in companies, to exercise purchase options and to bid for municipal services, among other.

Furthermore, during this period, the executive member of the Executive Committee, Alejandro Aboumrád González, was reappointed Chairman of the Executive Committee.

#### AUDIT AND CONTROL COMMITTEE

<b>Name</b>	<b>Position</b>	<b>Category</b>
Manuel Gil Madrigal	Chairman	Independent director
Juan Rodriguez Torres	Voting member	External proprietary director
Henri Proglío	Voting member	Independent director
Álvaro Vázquez de Lapuerta	Voting member	Independent director

<b>% of proprietary directors</b>	<b>25</b>
<b>% of independent directors</b>	<b>75</b>
<b>% of other external directors</b>	

<b>Remarks</b>

Explain the duties, including, where appropriate, those in addition to those defined by law, which are attributed to this Committee, and describe the procedures and rules for its organisation and functioning. For each of these functions, indicate its most important actions during the year and how it have exercised each of the functions attributed in practice, whether by law, in the Bylaws or in other corporate agreements.

Rules of the Board of Directors.

Article 37. Audit and Control Committee

1. The Board of Directors at FCC shall establish a permanent Audit and Control Committee, without executive functions and with powers of information, advice and proposal within its scope of action, consisting of a minimum of three (3) and a maximum of six (6) directors who shall be appointed by the Board of Directors taking into account their knowledge and experience in accounting, auditing or risk management matters. All its members shall be non-executive directors and a majority shall be independent, with the Committee itself choosing its Chairman, and optionally a Deputy Chairman, from among the independent directors sitting on the Committee. The mandate of the members of the Committee shall not exceed their mandate as directors, without prejudice to them being re-elected indefinitely, insofar as they remain directors. Notwithstanding the foregoing, the term of office of the Chairman and Deputy Chairman, as the case may be, may not exceed four (4) years or their terms as members of the Committee, and may be re-elected after at least one year has elapsed since the end of their term.

2. At least one of the independent members of the Audit and Control Committee shall be appointed taking into account their knowledge and experience in accounting, auditing or both. As a whole, the members of the Committee shall have relevant technical knowledge in relation to the activity sector of the Company.

3. The Audit and Control Committee shall regulate its own functioning in accordance with the Bylaws and these Regulations. Voting members who have held the position of Chairman may not return to that position until at least one year has elapsed since the end of their term. The Audit and Control Committee shall appoint a secretary, and as applicable a deputy secretary, who shall not be a member of the Committee, who shall assist the Chairman and ensure the proper functioning of the Committee, taking care to accurately reflect the progress of meetings the nature of deliberations and the resolutions adopted in the minutes. From each meeting, the secretary or whoever exercises their duties shall prepare the minutes, which shall be signed by the members of the Committee who have attended the meeting.

4. The Audit and Control Committee shall be validly constituted when the majority of its members are in attendance, whether in person or represented, adopting its resolutions by an absolute majority of its members present or represented; in case of a tie, the Chairman shall cast the deciding vote.

5. The primary function of the Audit and Control Committee shall be to support the Board of Directors in its oversight tasks, by periodically reviewing, among others, the process of preparing financial and economic information, its internal controls and the independence of the external auditor. In particular, by way of example, and without prejudice to other tasks entrusted to it by the Board of Directors, the Audit and Control Committee shall be responsible for:

a) Inform the General Shareholders' Meeting about the issues raised in relation to the matters within its remit and, in particular, the outcome of the audit, explaining how it has contributed to the integrity of the financial information and the role that the Committee has played in that process.

b) Serve as a channel of communication between the Board of Directors and the Company's external auditor, assessing the results of each audit. The external auditor shall also: (i) submit proposals for the selection, appointment, re-election and replacement of the account auditor to the Board of Directors, assuming responsibility for the selection process, pursuant to the provisions of EU regulations, as well as the conditions under which they were contracted; (ii) regularly gather information from the external auditor on the audit plan and the results of its performance, in addition to maintaining its independence in the performance of its duties and verifying that Senior Management takes its recommendations into account; (iii) discuss the significant weaknesses of the internal control system detected in the development of the audit with the Company's external auditor, without compromising its independence. To this end, and where appropriate, the Audit and Control Committee may submit recommendations or proposals to the Board of Directors and the corresponding monitoring period. (iv) establish the appropriate relationships with the



external auditor to receive information on issues that may pose a threat to their independence, for consideration by the Committee, and any other relating to the process of performing accounts audits and, where appropriate, the authorisation of services other than those prohibited, under the terms provided for in the regulations governing account auditing activities on the system of independence, as well as any other communications provided for in the account auditing legislation and in the audit regulations; (v) ensure the independence of the external auditor, establishing, in particular, appropriate measures: 1) so that the contracting of advisory and consulting services with the auditor or companies in its Group does not pose a risk to its independence, to which end the Committee shall request and receive from the auditor each year a declaration of its independence in relation to the Company or entities linked to it directly or indirectly, as well as the detailed, individual information of any type of additional services provided and the corresponding fees received from these entities by the external auditor or by the persons or entities linked to it, pursuant to the provisions of the regulatory regulations on account auditing activities, and 2) so that the Company can communicate the change in auditor as a relevant fact to the CNMV and accompany this communication with a statement on any possible disagreements with the outgoing auditor and, as applicable, their nature, and in case of the resignation of the external auditor, examine the underlying circumstances; and (vi) encourage the Company's auditor to assume responsibility for audits of other Group companies. c) Each year, prior to the issuance of the account auditing report, issue a report that expresses an opinion on whether the independence of the auditors or audit firms has been compromised. This report shall contain, in any case, a reasoned assessment on the provision of each and every one of the additional services referred to in section b)v)1) above, taken individually and as a whole, other than the legal audit and in relation to the system of independence or the regulations governing the account auditing activities. d) The supervision of the Company's Internal Audit services that ensure the proper functioning of the information and internal control systems, with the person responsible for the Internal Audit function being required to present his/her annual work plan to the Committee and directly inform this body of any incidents that occur in the performance of his/her duties and submit a report on his/her activities at the end of each year. e) Supervise and analyse the effectiveness of the Company's internal control and of the risk control and management policy approved by the Board of Directors, ensuring that it identifies, as a minimum: (i) the different types of risks faced by the Company, including financial or economic risks, contingent liabilities and other off-balance sheet risks; (ii) the determination of the level of risk that the Company considers acceptable; (iii) the measures planned to mitigate the impact of the risks identified, should they materialise; and (iv) the information and internal control systems that will be used to control and manage the aforementioned risks, including contingent liabilities or off-balance sheet risks, and submit this to the Board for approval. f) Supervise the process of preparing and presenting individual and consolidated annual accounts and management reports, and the periodic financial information that is disclosed to the markets, and submit recommendations or proposals to the Board of Directors with a view to safeguarding their integrity; ensuring compliance with the legal requirements and the correct application of generally accepted accounting principles, informing the Board of Directors, before the adoption by the latter of the following resolutions: (i) financial information that, given its status as a listed company, the Company is required to publish periodically, ensuring that the interim accounts are prepared using the same accounting criteria as annual accounts and, to that end, consider the suitability of a limited review of the Company's external auditor; and (ii) the creation or acquisition of interests in special purpose entities or those registered in countries or territories that are considered tax havens, as well as any other transactions or operations of a similar nature that, given their complexity, could undermine the transparency of the FCC Group. g) In relation to information and internal control systems: (i) supervise the preparation process and the integrity of the Company's financial information and, where appropriate, the Group's financial information, ensuring compliance with regulatory requirements, the adequate definition of the consolidation perimeter and the correct application of accounting criteria; (ii) periodically supervise the internal control and risk management systems, including tax risks, ensuring that the main risks are properly identified, managed and disclosed; (iii) ensure the independence and effectiveness of the Internal Audit function, proposing the selection, appointment, re-election and removal of the head of the Internal Audit service, as well as the budget of this service, receiving periodic information about its activities and verifying that Senior

Management takes into account the conclusions and recommendations in its reports; periodically receive information from the Response Committee and the Management Control and Risk Management Division, respectively, on the performance of their activities and the operation of internal controls; and (v) ensure that internal codes of conduct and corporate governance rules comply with regulatory requirements and are appropriate for the Company, in addition to reviewing compliance, by people affected by these codes and rules of governance, of their obligations to inform the Company. h) Issue the reports and proposals requested by the Board of Directors or by the Chairman of the Board of Directors and those deemed appropriate in the proper performance of their duties and, in particular, (i) issue a report on the proposed modification of this Regulation, pursuant to the provisions of Article 4.3; (ii) make decisions in relation to the requests for information that directors, pursuant to the provisions of Article 26.3 of these Rules, submit before this Committee; and (iii) request, where appropriate, the inclusion of items on the agenda of Board meetings under the conditions and deadlines provided for in Article 34.3 of these Rules.

6. The Audit and Control Committee shall have access to the information and documentation required for the exercise of its functions and may seek the advice of external professionals who, in the capacity of advisors and up to a maximum of two (2) for each member of the Committee, they believe appropriate, to which end the provisions of Articles 27.3 and 35.4 of these Regulations shall apply. These advisors shall attend meetings with the right to speak but not to vote.

7. The Audit and Control Committee shall meet at least once per quarter and, in addition, every time its Chairman calls a meeting, or at the request of two (2) of its members. Each year, the Committee shall draw up an action plan for the year to be reported to the Board of Directors, as well as a report on its activity during the year, which will serve as the basis for the evaluation that the Board of Directors will carry out. In the absence or if it is impossible for the Chairman of the Audit and Control Committee to attend a meeting, or if this position has been vacated, the meeting may be called by the member of the Committee who has served in his/her position the longest and, in the event of a tie, the oldest in age. For legal persons, the age of the natural person representing the company shall be taken into account for this purpose.

8. Deliberations shall be guided by the Chairman, who shall hand the floor over to attendees who ask to speak. In the absence or if it is impossible for the Chairman of the Audit and Control Committee to attend a meeting, or if this position has been vacated, the corresponding functions shall be exercised by the member elected to this post by the majority of those in attendance at the meeting.

9. Any member of the management team and the staff of the FCC Group shall be obliged to attend Committee meetings and to provide their collaboration and access to the information available to them when so required; to this end, the provisions of Article 35.6 of these Rules shall apply. The same shall be required of the Company's Accounts Auditors.

10. Any aspects not expressly regulated in this Article regarding the functioning of the Audit and Control Committee, shall be regulated by the Audit and Control Committee itself.

Over the course of 2019, in the performance and fulfilment of the powers granted in FCC's internal regulations, the Committee has performed, by way of example, the following duties:

- Serve as a channel of communication between the Board of Directors and the Company's external auditor, assessing the results of each audit, as well as submitting proposals for the selection, appointment, re-election and replacement of the account auditor, assuming responsibility for the selection process, pursuant to the provisions of EU regulations, as well as the conditions under which they were contracted.
- Discuss the significant weaknesses of the internal control system detected in the development of the audit with the Company's external auditor, without compromising its independence. Receive information from the external auditor on issues that may pose a threat to their independence and, where

appropriate, the authorisation of services other than those prohibited, under the terms provided for in the regulations governing account auditing activities on the system of independence.

- Ensure the independence of the external auditor, establishing the corresponding measures to this end.
- Inform the General Shareholders' Meeting about the issues raised in relation to the matters within its remit and, in particular, the outcome of the audit, explaining how it has contributed to the integrity of the financial information and the role that the Committee has played in that process.
- Each year, prior to the issuance of the account auditing report, issue a report that expresses an opinion on whether the independence of the auditors or audit firms has been compromised. This report shall contain, in any case, a reasoned assessment on the provision of each and every one of the additional services referred to in Article 37.5 section b)v)1) of the Rules of the Board, taken individually and as a whole, other than the legal audit and in relation to the system of independence or the regulations governing the account auditing activities. Supervise the Company's Internal Audit services, as well as its control and risk management policy, reviewing the identification of the most relevant risks and the adoption of the necessary measures to mitigate their impact.
- Supervise the process of preparing and individual and consolidated annual accounts and management reports, and the periodic financial information that is disclosed to the markets, and submit recommendations or proposals to the Board of Directors with a view to safeguarding their integrity; ensuring compliance with the legal requirements and the correct application of generally accepted accounting principles.
- Report favourably on the process of preparing the individual and consolidated annual accounts and management reports for 2018, and that they have been prepared in compliance with the legal requirements and applying generally accepted accounting principles.
- Report favourably on the 2018 Annual Corporate Governance Report.
- Supervise the Company's compliance with the internal codes of conduct and the Corporate Governance rules.
- Report favourably on the adequacy of the information contained in the "Interim Statement", referring to the first and third quarter of 2019, in accordance with the provisions of Article 20.1, of Royal Decree 1362/2007, of 19 October, and the implementing provisions, recommending its approval by the Board of Directors and its referral to the CMNV and Stock Exchanges.
- Report, globally, on communications through the Ethics Channel and the actions carried out to this end. An internal whistleblowing channel and procedure is in place that allows employees and third parties to send their questions and report irregular behaviours confidentially.
- Propose the appointment of Deloitte, S.L. as the account auditors for FCC and its consolidated group for 2020 to the FCC Board of Directors, for its submission to the Ordinary General Shareholders' Meeting.
- In relation to the proposal of a flexible dividend (scrip dividend) before the FCC Board of Directors, for submission to the Ordinary General Shareholders' Meeting. The review performed by members of the Committee of the shareholder remuneration mechanism has been particularly important, ensuring the economic equivalence of the options of (i) transferring free allocation rights to FCC under the Purchase Commitment and (ii) receiving this amount in New Shares, that is, without any of these options being promoted or penalised in economic terms.
- Approve, pursuant to the provisions of Article 34.9 of the Rules of the Board, the self-assessment report on the functioning of the FCC Audit and Control Committee during 2018, to be submitted to the Board of Directors.

- Report favourably on the adequacy of the information contained in the financial statements of the first half of 2019 (“Abridged annual accounts” and “Interim Management Report”) in terms of the provisions of Article 11 et seq. of Royal Decree 1362/2007, of 19 October, and its implementing provisions.
- Submit the proposal to select a new auditor for 2021 to 2023, in compliance with the current regulations, to the Board of Directors.

On 21 January 2020, the Audit and Control Committee issued its report on its activities and operations throughout 2019, for assessment by the Board.

Thus, the Audit and Control Committee, during 2019 has reached a total of 18 resolutions, at the nine meetings it held.

Among the main resolutions adopted are: the approval of the Self-Assessment Report on the functioning of the Committee, corresponding to 2018, the approval of the Report on the independence of the auditors in 2018, the proposed appointment of Deloitte, S.L. as the account auditors of FCC and its consolidated group for 2020 to the FCC Board of Directors, as well as favourable information to the Board on: the 2018 Annual Corporate Governance Report, the preparation of FCC's 2018 individual and consolidated annual accounts and the Management Report, FCC's 2018 Statement of Non-Financial Information, the appointment of EY as FCC's external auditor for 2021-2023, the approval of the regulatory update submitted by the Compliance Officer: Code of Ethics and Conduct, the Partner Relationship Policy, the Ethics Channel Procedure and the Crime Prevention Manual, in addition to the approval of Agent Policies, Gift Policy and Human Rights Policy. Furthermore, Manuel Gil Madrigal was appointed as Chairman of the Audit and Control Committee.

Based on the foregoing, it can be concluded that the Audit and Control Committee assumes and efficiently and diligently complies with the powers attributed to it in the Company's different corporate texts.

Identify the members of the Audit Committee that have been appointed taking into account their knowledge and experience in accounting, auditing or both, and report on the date on which the Chairman of this Committee was appointed to the position.

<b>Names of directors with experience</b>	Manuel Gil Madrigal
<b>Date of appointment of the Chairman to the position</b>	The Chairman of this Committee is Manuel Gil Madrigal, appointed on 8 May 2019.

<b>Remarks</b>

## APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Position	Category
Álvaro Vázquez de Lapuerta	Chairman	Independent director
Dominum Desga, S.A. represented by Esther Alcocer Koplowitz	Voting member	External proprietary director
Juan Rodríguez Torres	Voting member	External proprietary director
Manuel Gil Madrigal	Voting member	Independent director

<b>% of proprietary directors</b>	<b>50.00%</b>
<b>% of independent directors</b>	<b>50.00%</b>
<b>% of other external directors</b>	<b>0.00%</b>

Remarks

Explain the duties, including, where appropriate, those in addition to those defined by law, which are attributed to this Committee, and describe the procedures and rules for its organisation and functioning. For each of these functions, indicate its most important actions during the year and how it have exercised each of the functions attributed in practice, whether by law, in the Bylaws or in other corporate agreements.

## **Rules of the Board of Directors.**

### **Article 38. Appointments and Remuneration Committee**

1. The Board of Directors of FCC shall constitute a permanent Appointments and Remuneration Committee without executive functions and with powers of information, advice and proposal within its scope of action, which will be composed of a minimum of four (4) and a maximum of six (6) directors, appointed by the Board of Directors, consisting exclusively of non-executive directors, of which at least two (2) must be independent directors and two (2) proprietary directors. The Committee shall appoint the Chairman from among its independent members. The mandate of the members of the Appointments and Remuneration Committee shall not exceed their mandate as directors, without prejudice to them being re-elected indefinitely, insofar as they remain directors.

2. The Appointments and Remuneration Committee shall regulate its own functioning in accordance with the Bylaws and these Regulations. The Committee shall appoint a secretary who shall not be a member of the Committee, who shall assist the Chairman and ensure the proper functioning of the Committee, taking care to accurately reflect the progress of meetings, the nature of deliberations and the resolutions adopted in the minutes, which shall be signed by the members of the Committee attending the meeting in question. The members of the Appointments and Remuneration Committee shall step down from their posts when they do so in their capacity as directors or when the Board of Directors so agrees.

3. The Appointments and Remuneration Committee shall be validly constituted when the majority of its members are in attendance, whether in person or represented, adopting its resolutions by an absolute majority of its members present or represented; in case of a tie, the Chairman shall cast the deciding vote.

4. The Appointments and Remuneration shall have the powers of information, assessment and proposal within its powers, corresponding to it, in addition to the functions established by law, the Company Bylaws or in accordance with these Rules, the following: a) Evaluate the necessary skills, knowledge and experience in the Board of Directors. For this purpose, it will define the functions and skills necessary in the candidates who must fill each vacancy and will evaluate the time and dedication required so that they can effectively carry out their duties. Any Director may request the Appointments and Remuneration Committee to take into consideration, if it considers them suitable, potential candidates to fill the vacancies of Director. b) Examine and organise the succession of the Chairman and the CEO and, where appropriate, make proposals to the Board of Directors so that said succession occurs in an orderly and planned manner. c) Submit to the Board of Directors proposals for the appointment and re-election of independent Directors for appointment by co-option or for submission for a decision by of the General Shareholders Meeting, as well as proposals for the re-election or removal of said Directors by the General Shareholders Meeting. d) Report on the proposals for appointment and re-election of the remaining Directors for their appointment by co-option or for submission for a decision by the General Shareholders Meeting, as well as the proposals for their re-election or removal by the General Shareholders Meeting. e) Report on the proposals for the appointment and removal of senior executives and the basic conditions of their contracts, which the CEO proposes to the Board, proposing the persons or positions that should be considered senior executives of the Company, in addition to those provided for in Article 2.2 of these Rules and preparing the proposals for reprimands referred to its Article 19.2.d). Likewise, it will previously report on appointments for the holding of positions or posts that have an annual remuneration equal to or higher than the figure established by the Committee itself in each case, which must be reported to the Board of Directors. f) Propose to the Board of Directors the remuneration policy of the Directors and of the general directors or of those who carry out their senior management duties under the direct authority of the Board, the Executive Committee or the Chief Executive Officer, as well as the individual remuneration and the remaining contractual conditions of executive Directors, ensuring their observance. Likewise, inform and make proposals about the incentive plans of a multi-year nature that affect the Company's senior executives and in particular, those that may be established in relation to the value of the shares. Likewise, to propose to the Board of Directors the distribution among the Directors of the remuneration derived from their status as Directors

agreed by the General Shareholders Meeting, in accordance with the provisions of the Company Bylaws and in this Regulation. g) Prepare and keep a record of the situations of directors and senior managers at FCC. h) Assist the Board in its role of ensuring that the selection procedures of its members favour the 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, if 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. For the purposes of the foregoing, it must establish a representation objective for the less represented gender in the Board of Directors and prepare guidelines on how to achieve this objective. i) Report on the proposed appointment of the members of the Committees of the Board of Directors. j) Report the appointment and removal of the Secretary of the Board. k) Verify the classification of the Directors as established in Article 6.3. l) Report, in advance, to the Board of Directors on all the matters provided in the Law, the Company Bylaws and these Rules and, in particular, related-party transactions. m) Receive and keep a register of situations referred to in section g) above and the personal information provided by the directors, as established in Article 25 of these Rules n) Request, where appropriate, the inclusion of items on the agenda of Board meetings under the conditions and deadlines provided for in Article 34.3 of these Rules. In the case of matters relating to the executive directors and senior executives, the Appointments and Remuneration Committee will consult the Chairman and the Company's CEO.

5. The Appointments and Remuneration Committee shall regulate its own functioning in all matters not provided for in the Bylaws and in these Rules.

6. The Appointments and Remuneration Committee shall have access to the information and documentation necessary for the performance of its duties. The members of the Appointments and Remuneration Committee may be assisted, at Committee meetings, by the persons who, in their capacity of advisors and up to a maximum of two (2) for each Committee member, they deem appropriate. These advisors shall attend meetings with the right to speak, but not vote and the provisions of Article 27 of these Rules shall apply.

7. The Committee shall meet with the established frequency and each time a meeting is called by the Chairman or requested by two (2) of its members and at least once a quarter. Each year, the Committee shall draw up an action plan for the year to be reported to the Board, as well as a report on its activity during the year, which will serve as the basis for the evaluation that the Board of Directors will carry out.

8. In the absence or if it is impossible for the Chairman of the Appointments and Remuneration Committee to attend a meeting, or if this position has been vacated, the meeting may be called by the member of the Committee who has served in his/her position the longest and, in the event of a tie, the oldest in age. For legal persons, the age of the natural person representing the company shall be taken into account for this purpose.

9. Deliberations shall be guided by the Chairman, who shall hand the floor over to attendees who ask to speak.

10. In the absence or if it is impossible for the Chairman of the Appointments and Remuneration Committee to attend a meeting, or if this position has been vacated, the corresponding functions shall be exercised by the member elected to this post by the majority of those in attendance at the meeting.

The Appointments and Remuneration Committee of Fomento de Construcciones y Contratas, S.A. has issued a report on its functioning and the performance of its duties at its meeting of 21 January 2020.

As a result of the assessment process that the Committee performed on its own functioning, positive conclusions were reached, both in terms of its composition and internal organisation and the exercise of the powers assigned to it.

During 2019, it exercised, among others, the following competences:

- Assess skills, knowledge and experience necessary in the Board are evaluated, defining the necessary candidate functions and qualifications that each vacancy should entail, and assessing the time and dedication needed to discharge their duties properly.
- Report on the proposal for the appointment and re-election of directors and members of the Committees of the Board of Directors, as well as the proposed representatives of corporate directors.
- Ensure compliance with the remuneration policy established by the Group, proposing the remuneration policy for directors and senior managers to the Board of Directors, in addition to the basic conditions of senior managers' contracts.
- Approve the contents of the Appointments and Remuneration Committee Report on the Chairman of the Board of Directors and Appointments and Remuneration Committee Report on the CEO, for assessment by the Board of Directors in terms of the performance of their duties during 2019, submitted to the Board of Directors for this body to perform the assessment referred to in Article 34.9 of its Rules.
- Approve the Report on the functioning of the Appointments and Remuneration Committee during 2019, as well as the Report ratifying the current categories (proprietary, independent or executive) of the members of the Board.
- Report on the appointment of Senior Managers and other positions that fall within the first three levels, in addition to those with remuneration equal to or greater than €75,000.
- Propose the Annual Report on the remuneration of the Directors at Fomento de Construcciones y Contratas, S.A., corresponding to 2019 to the Board of Directors, for its subsequent submission at the next Ordinary General Shareholders' Meeting.
- Approve the Report containing the proposed statutory remuneration of the Board for 2019.
- Report on the fundamental aspects relating to the general salary policy for 2019 at the FCC Group.
- Propose the remuneration policy for executive directors, the terms and conditions of the CEO's contract and ensure compliance with the company's remuneration policy to the Board of Directors.

During the six meetings held by this Committee in 2019, a total of 19 resolutions were reached. These include: reporting favourably on the FCC Group's proposed salary policy for 2019, FCC's 2018 Annual Report on the Remuneration of the Directors, the appointment of the Human Resources Director, approve the application of the Variable Remuneration Plan for 2018 and approve the Variable Remuneration Plan for 2019, as well as to report favourably to the Board on different contractual operations.



Based on the foregoing, it can be concluded that the Appointments and Remuneration Committee assumes and efficiently and diligently complies with the powers attributed to it in the Company's different corporate texts.

C.2.2 Fill in the following table with information regarding the number of female directors that sit on the Committees of the Board of Directors at the end of the last four years:

	<b>Number of female directors</b>			
	<b>Business year t Number %</b>	<b>Business year t-1 Number %</b>	<b>Business year t-2 Number %</b>	<b>Business year t-3 Number %</b>
<b>Executive Committee</b>	33.33% (2)	33.33% (2)	33.33% (2)	40% (2)
<b>Audit Committee</b>	0% (0)	0% (0)	0% (0)	0% (0)
<b>Appointments and Remuneration Committee</b>	25% (1)	25% (1)	25% (1)	25% (1)

<b>Remarks</b>

C.2.3 Indicate, where appropriate, the existence of Rules applicable to Committees of the Board, their location for the purposes of consultation, and any modifications made during the year. In turn, indicate whether an annual report on the activities of each committee has been prepared voluntarily.

- Rules of the FCC Group Board of Directors (Chapter IX. Board Committees).
- Reports of the Commissions to assess their functioning in 2019.

## D TRANSACTIONS WITH RELATED PARTIES AND INTRA-GROUP TRANSACTIONS

D.1 Explain, as appropriate, the procedure and competent bodies for the approval of transactions with related parties and intra-group transactions.

<b>Procedure for confirming approval of related transactions</b>
<p>Article 24 of FCC's Regulations of the Board of Directors states that:</p> <p>Transactions with significant shareholders</p> <p>“1. The Board of Directors shall approve, upon a report from the Appointments and Remuneration Committee, any transaction performed by the Company or its Group companies with holders, whether individually or jointly, of a significant shareholding, including shareholders represented on the Board of Directors of the Company or other Group companies or with persons associated with them or their directors. The directors representing or associated with the affected shareholders shall refrain from participating in the deliberation and voting process concerning the resolution in question. 2. Only transactions that simultaneously satisfy the three characteristics indicated in section 6 of the previous Article with respect to the transactions made by the Company with its directors or persons associated with them shall be exempted from this approval”.</p>

D.2 Describe significant transactions based their amount or relevance on account of their subject matter performed between the company or Group companies and significant shareholders in the company:

<b>Name or corporate name of the significant shareholder</b>	<b>Name or company name of the company or Group company</b>	<b>Nature of the relationship</b>	<b>Transaction type</b>	<b>Amount (thousands of euros)</b>
Realia Business, S.A.	FC y C, S.L. Unipersonal	Contractual	Management and marketing of property developments: El Bercial, Getafe, Madrid (40 homes and parking spaces), plot 10A in Badalona, Barcelona (134 collective dwellings and parking spaces), plots RCL 3A and 3B in Arroyo Fresno, Madrid (144 collective dwellings and garage spaces), and plot RUL 1B in Arroyo Fresno, Madrid (42 single-family homes)	-
Realia Business, S.A.	FCC Construcción, S.A.	Contractual	Construction contract for the plots in Valdebebas, Madrid (40 homes, storage rooms, garages, commercial premises and swimming pool)	7,900

<b>Name or corporate name of the significant shareholder</b>	<b>Name or company name of the company or Group company</b>	<b>Nature of the relationship</b>	<b>Transaction type</b>	<b>Amount (thousands of euros)</b>
Realia Business, S.A.	FCC Construcción, S.A.	Contractual	Construction contract for plots in Parque Ensanche, Alcalá de Henares (116 homes, storage rooms, garages and commercial premises)	15,000
Realia Business, S.A.	FC y C, S.L. Unipersonal	Contractual	Sale of two plots in Tres Cantos	8,130
Realia Business, S.A.	FCC Industrial e Infraestructuras Energéticas S.A.U.	Contractual	Sale and installation of a cooling machine for an air conditioning system	185
Banco Inbursa, S.A.	Cementos Portland Valderrivas	Contractual	Accrual interest on subordinated financing.	2,210
Banco Inbursa, S.A.	FCC Construcción, S.A.	Contractual	Acquisition of certificates pertaining to works on Metro line 2 in Panama	22,158

<b>Remarks</b>

D.3 Describe the significant transactions based their amount or relevance on account of their subject matter performed between the company or Group companies and company directors or executives:

<b>Name or company name of directors or executives</b>	<b>Name or company name of the related party</b>	<b>Relationship</b>	<b>Nature of the transaction</b>	<b>Amount (thousands of euros)</b>
Alejandro Aboumrad González	FCC	Director	Provision of services	338
Gerardo Kuri Kaufmann	Cementos Portland Valderrivas	Chief Executive Officer	Provision of services	175

<b>Remarks</b>
-

D.4 Provide details of the significant operations carried out by the company with other companies belonging to the same Group, provided they are not eliminated in the process of preparing consolidated financial statements and are not part of the Company's routine business in terms of its purpose and conditions.

In any case, any intra-group transactions carried out with companies established in countries or territories that are considered a tax haven shall be reported:

Corporate name of the Group company	Brief description of the transaction	Amount (thousands of euros)
-	-	-

Remarks
There are numerous transactions between Group companies that are part of their routine business and that, in any case, are eliminated in the process of preparing the consolidated financial statements.

D.5 Describe the significant transactions carried out between the Company or Group Companies and other related parties, which have not been reported on in the above sections.

Corporate name of the related party	Brief description of the transaction	Amount (thousands of euros)
-	-	-

Remarks

D.6 Describe the mechanisms established to detect, determine and resolve possible conflicts of interests between the Company and/or its Group and its directors, executives or significant shareholders

Article 23 of the Rules of the Board of Directors states that:

1. As part of his/her duty to avoid the conflicts of interests indicated in section 2.e) of the preceding article, the Director shall refrain from: a) Undertaking transactions with the Company or with Group Companies, except in the case of ordinary transactions, carried out under standard conditions for customers and of limited relevance, including those for which information is not necessary to express the true image of equity, of the financial situation and the results of the Company. b) Using the name of the Company or invoking his/her status as a director to unduly influence the execution of private transactions. c) Making use of social assets, including confidential information on the Company, for private purposes. d) Taking

advantage of the Company's business opportunities. e) Obtaining advantages or remuneration from third parties other than the Company and its Group associated with the performance of their duties, unless they are a mere courtesy. f) Performing activities on their own account or on behalf of others that involve effective competition, whether current or potential, with the Company or that, in any other way, place them in a permanent conflict with the interests of the Company.

2. The above provisions shall also apply in the event that the beneficiary of the prohibited acts or activities is a person linked to the director.

3. In any case, directors shall notify the Board of Directors, through the Corporate Responsibility Department or any other department that may replace it, with sufficient notice, of any direct or indirect conflict of interests that they or persons linked to them may have with the interests of the Company or those of the group of companies that comprise the FCC Group or its related companies.

4. The Company may waive the prohibitions contained in this article in unique cases, allowing the director or related person to perform a specific transaction with the Company, the use of certain social assets, the use of a specific business opportunity, obtaining an advantage or remuneration from a third party.

5. This authorisation shall be agreed by the General Shareholders' Meeting when the intention is to waive the prohibition on obtaining an advantage or remuneration from third parties, involves a transaction worth more than ten percent (10%) of the Company's social assets or concerns the obligation to not compete with the Company. In the latter case, the waiver may only be offered in the event that the Company is expected to suffer no damages or that the damages will be offset by the advantages expected to be obtained from the waiver, and the waiver shall be granted by express and separate consent of the General Shareholders' Meeting.

6. In the other cases to which the prohibitions in this article apply, authorisation may also be granted by the Board of Directors, subject to a favourable report from the Appointments and Remuneration Committee, provided that the independence of the members granting this authorisation is guaranteed with respect to the relieved director or the related person. In addition, it will be necessary to ensure that the authorised transaction protects social assets from harm or, where appropriate, they are undertaken subject to market conditions, and the transparency of the process. The affected directors or those representing or associated with the affected shareholders shall refrain from participating in the deliberation and voting process concerning the resolution in question. Only transactions that simultaneously meet the three (3) following characteristics shall be exempted from the authorisation required from the Board of Directors referred to in the paragraph above: a) that are undertaken as part of contracts whose conditions are standardised and are applied en masse to a high number of customers; b) that are executed at generally established prices or tariffs by those who act as suppliers of the asset or service in question; and c) that its value does not exceed one percent (1%) of the Company's annual income.

7. In any case, conflicts of interest incurred by the directors shall be included in the report, under the terms established by Law.

8. For the purposes of this provision, related persons are understood as those included in the Spanish Corporate Enterprises Act.

D.7 Is more than one of the Group's companies listed in Spain?

Yes  No

Identify the other companies listed in Spain and their relationship with the Company:

Identity and relationship with other listed companies in the Group
-

Indicate whether the corresponding areas of activity and possible business relationships have publicly defined, in an accurate manner, as well as those of the other listed Company with the other Group companies;

Yes

No

<b>Define any business relationships between the parent company and the listed subsidiary company, and between the latter and other Group companies</b>
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Identify the mechanisms planned to resolve possible conflicts of interests between the listed company and the other Group companies:

<b>Mechanisms to resolve potential conflicts of interests</b>
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## **E** RISK CONTROL AND MANAGEMENT SYSTEMS

### **E.1 Explain the scope of the Company's Risk Control and Management System, including those of a fiscal nature.**

The FCC Group Risk Management Model has been designed with the aim of identifying and assessing the potential risks that could affect the Group's different units, as well as establishing mechanisms incorporated into the organisation's processes that make it possible to manage risks within the accepted levels, providing the Board of Directors and Senior Management with reasonable assurance regarding the achievement of the main objectives defined. This Model applies 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.

This model is essentially 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.

The activities included in the FCC Group's Risk Management Model include the assessment of risks, including tax risks, in terms of impact and probability of occurrence, giving rise to Risk Maps, and subsequently the establishment of prevention and control activities to mitigate the effect of such risks. In addition, this Model includes the establishment of reporting flows and communication mechanisms at different levels, which allow both decision-making and its review and continuous improvement.

The FCC Group also has a Crime Prevention Model, developed in combination with other aspects using a specific matrix of risks and controls; by integrating this matrix into the organisation's processes, the control environment is enhanced.

Additionally, following the update of the Tax Code of Conduct and the Tax Control Framework Standard in 2018, the process of identifying and assessing tax risks has been enhanced, as has the assignment of responsibilities for both the management and reporting of these risks.

### **E.2 Identify the bodies at the Company responsible for the development and execution of the Risk Management System, including the tax risk management system.**

The Board of Directors is responsible for approving the FCC Group control and risk management policy, identifying the main risks identified by the company and implementing and monitoring the appropriate internal control and information systems, with a view to ensuring both the future viability and competitiveness of the Group, adopting the most relevant resolutions to implement them in the best possible way.

Furthermore, it is the responsibility of the Audit and Control Committee to supervise and analyse the effectiveness of the internal control and risk control and management policy, ensuring that it identifies:

- The different types of risks to which the Group is exposed, including financial or economic risks, contingent liabilities and other off-balance sheet risks.
- The definition of the level of risk that the Group considers acceptable.
- The measures planned to mitigate the impact of the risks identified, should they materialise.
- The information and internal control systems that will be used to control and manage the aforementioned risks, including contingent liabilities or off-balance sheet risks, and submit them to the Board for approval.

In this connection, the FCC Group Risk Management Model is based on the establishment of three levels of risk management and internal control, the first two residing with the business units and the third with the corporate areas.

The first level is assumed by the operating lines of the business unit, which act as risk generators and have the responsibility of managing, monitoring and adequately reporting the risk generated, including tax risk.

The second level, also assumed by the business units, consists of support, control and supervision teams, ensuring effective control and adequate 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 related to financial information. In turn, 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 monitoring of controls.

The third level consists of corporate areas that report to Senior Management and/or to the Audit and Control Committee. This third level encompasses the Tax Division, responsible for the definition of tax policies, procedures and criteria generally applied to the FCC Group and the Corporate Compliance Officer, whose duties include the implementation of the Crime Prevention Model, the identification of risks in this area, and the definition and follow-up of the relevant controls, as well as the management of the Whistleblowing Channel and the proposal of action plans in cases in which breaches or inefficiencies have been detected in the operation of the controls. The Internal Audit and Risk Management areas, which report to the Audit and Control Committee, are also part of this third level. The Risk Management area is responsible for coordinating the Risk Management Model, defining a baseline methodology for identifying, assessing and reporting risks, providing support to those responsible for its implementation, and the Internal Audit area, in its capacity as the final level of control, ensures that the policies, methods and procedures are adequate and verifies their effective implementation.

### **E.3 Indicate the main risks, including tax risks and the extent to which those involving corruption are significant (the latter being understood within the scope of Royal Decree Law 18/2017), which may affect the achievement of business objectives.**

Below, details are provided of the main risk scenarios, grouped by categories: strategic, operational, compliance and financial.

#### **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.

Furthermore, greater economic intervention by national/regional governments, 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 tax 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 Business Areas for Environmental Services, 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.



## **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 authorities or private entities through different forms of association. However, 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 manufacturers. 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 performs its activities 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, which is reflected in the Prevention of Risks at Work Policy approved by the Board of Directors. 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.** CC's environmental commitment is mirrored in the Group's Environmental Policy approved by the Board of Directors. The Group has environmental management systems in place, implemented in projects and contracts that are 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.

## **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. However, 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 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.** Exchange rate risk is primarily located in borrowings denominated in foreign currencies, investments in international markets and payments received in currencies other than the euro.

**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.

#### **E.4 Identify whether the entity has risk tolerance levels, including for tax risk.**

According to the Risk Management Model, the level of tolerance to risk assumed by the FCC Group shall be dynamic over time, and shall vary depending on internal and/or external factors. It shall be defined by the Board of Directors and aligned with the strategy.

The elements that shall define the risk appetite of the FCC Group are as follows:

- A general profile of medium-to-low and predictable risk, based on a diversified business model.
- A stable and recurring policy for the generation of income.
- Intense participation of Senior Management that guarantees a culture of risk management focused on the protection and assurance of an adequate return on capital.
- A management model that ensures a global and interrelated vision of all risks, as part of a robust risk control environment, with responsibilities at different levels.
- The undertaking of its activity based on a behavioural model that protects the interests of its clients and shareholders.
- Zero tolerance against bribery and corruption.
- Concerning tax risk, the Tax Control Framework Standard defines the general tax risk management policy and the levels of tax risk that can be assumed.

#### **E.5 Indicate the risks, including tax risks, that have materialised during the year.**

In relation to changes in political circumstances, the British Parliament's approval of the government's plan for the United Kingdom's departure from the European Union last December represented a step forward in the definitive completion of the Brexit agreement. Since the start of this process, FCC has developed plans to adapt to this new business situation in the United Kingdom (mainly affecting environmental services) and no significant impact is expected. More details are included in Note 29 of the Consolidated Annual Accounts of the FCC Group in this connection.

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

- **Project reprogramming.** The FCC Group performs different initiatives, such as the inclusion of contractual clauses that allow the costs arising from these reprogramming tasks to be passed on, to optimise the costs incurred at each of the facilities insofar as possible and thus adapt with significant efforts to the new agreed deadlines, relocation of project personnel reprogrammed to others under way, in addition to a close commercial relationship with the client to seek a satisfactory solution for both parties.
- **Labour conflict.** The high volume of labour required at some of the activities performed by the FCC Group entails the existence of specific labour disputes, concerning which the FCC Group promotes communication and monitoring channels with workers and their representatives
- **Contract and legal disputes:** the high number of contracts with customers, suppliers and partners, as well as the possible requirements of authorities in different jurisdictions, means that the FCC Group is a party to civil, employment, criminal, arbitration, administrative, regulatory and similar proceedings that arise during the course of its ordinary business. In this connection, in May 2019, the Spanish Tax Administration reached a settlement in relation to a state aid recovery procedure, against which the FCC Group has filed an appeal.

In addition to other aspects, the Group has become aware of the existence of payments between 2010 and 2014 amounting to USD 82 million that might not be justified and may therefore be illegal, as a result of an internal investigation in May 2019 in application of its compliance policy and regulations. These acts were

uncovered as a result of application of the procedures in the FCC Group's compliance rules. The company has informed prosecutors in Spain and Panama about these acts, and has been providing the utmost cooperation since then to clarify what happened, applying the “zero tolerance” principle for corruption that permeates the entire FCC Compliance System.

In the context of this cooperation, on 29 October 2019, the National Court's Central Court of Instruction No. 2 agreed to investigate FCC Construcción, S.A. and two of its subsidiaries, FCC Construcción América, S.A. and Construcciones Hospitalarias, S.A. in the context of Preliminary Measures 34/2017. These proceedings have only just begun. It is therefore impossible to determine whether charges will eventually be filed against these companies, and, if so, what their scope will be. Therefore, it is possible that these actions may result in a financial impact, although we do not have the information needed to qualify this impact.

Regarding financial risks, volatility in different currencies that affect the FCC Group's different businesses, such as the US dollar and the Tunisian dinar has persisted during this year. This volatility has occurred between 31 December 2018 and 31 December 2019, with the US dollar up 5.49% and the Tunisian Dinar down 5.27%. FCC Group's general policy is to mitigate the adverse effect on its financial statements of exposure to foreign currencies as much as possible, with regard to both transactional and purely equity-related movements. Therefore, the FCC Group manages the exchange rate risk that may affect both the Balance Sheet and the Income Statement, through natural coverage whenever possible, or by contracting different financial instruments. However, any significant fluctuation in these currencies with respect to the Euro impacts the business, the level of indebtedness and the results of the FCC Group.

Finally, despite the Cements business ending the year in the black, the rate of growth of cement consumption was halved in the second half of 2019, with this slowdown expected to continue into 2020, which combines with higher environmental pressures that have an impact on the emissions allowance policy. In light of this situation, a review of the estimates has been made, with a deterioration of the Corporación Uniland's commercial fund of 70 million euros.

## **E.6 Explain the response and supervision plans for the company's main risks, including tax risks, as well as the procedures followed by the company to ensure that the Board of Directors responds to any new challenges that arise**

Both the FCC Group's Risk Management Model and its Compliance Model establish comprehensive frameworks for the identification, assessment and management of risks in their respective fields of application.

Once the risks have been identified and prioritized, 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 is performed by the Business Divisions with support from the Risk Management area, while the supervision of the Compliance Model is carried out by the Corporate Compliance Officer with support from the business' Compliance Officer, after a review of controls by the process owners.

In the face of potential political and socio-economic uncertainties, as well as other strategic risks such as an increase in competitive tension, the FCC Group will continue to focus on consolidating its international positioning, maintaining a share in mature markets, to search for new formulas for public-private collaboration to develop the integral water cycle, environmental services and infrastructure, as well as the

integration of its businesses in the circular and low carbon economy, supported by technology and innovation.

Regarding the risks of compliance with technical regulations and compliance with contractual requirements, the FCC business units have a Quality Assurance System in place that complies with international standards. Furthermore, by way of example, worth particular mention are the specific plans, such as the Special Program for Handling Accident Risks in the Construction area, which collate a series of measures that apply to works that can cause very serious accidents and a social impact in addition to those that may cause significant economic losses to the company due to shortcomings in the project, execution or management of the contract. This plan is reviewed periodically. FCC also has a Certified Occupational Risk Prevention Management System in place for the business areas.

In addition, to address the risks related to cyber attacks and information security, the FCC Group has an operational unit responsible for preventing, detecting, analysing and mitigating factors related to security events, such as intrusion, attacks, etc., as well as an Information Security Management System designed in line with international standards, and that has received third party certification for certain business areas. The FCC Group also has an internal policy for complying with the requirements of the data protection regulations, in addition to those responsible for this function both in the business units and at a corporate level.

In response to environmental risks and compliance with environmental regulations, all business units also have an Environmental Management System in line with international standards, and specifically, certain units have signed up to the European Commission's Environmental Management and Audit System.

In terms of other compliance risks, the FCC Group has a Code of Ethics and Conduct, the last update of which was approved by the Board of Directors in September 2019, which aims to ensure all persons linked to any FCC Group company are guided by the strictest behavioural guidelines in compliance with laws, regulations, contracts, procedures and ethical principles, being binding on all these persons. Also during 2019, new policies have been approved for the Group (Agents, Human Rights, Gifts), which combine with the regulations implementing the Code of Ethics and Conduct, which also includes an Anti-Corruption Policy, a Partner Relationship Policy in matters of Compliance, a Crime Prevention Manual, as well as specific procedures for the management of the Whistleblowing Channel and the management of communications received through this channel. The Compliance Committee, chaired by the Corporate Compliance Officer, is the body to which the Board of Directors has allocated responsibility for promoting the ethical culture throughout the organisation and ensuring both internal and external regulatory compliance. Furthermore, in each of the Group's businesses, the Business Compliance Officer has been established as an assistant to the Corporate Compliance Officer, and Business Compliance Committees have been set up.

Regarding financial risks, they are controlled by specialist departments at the business units, together with the General Administration and Finance Division, whose tasks include reaching decisions on risk transfer mechanisms (insurance), covering interest rate variations, and managing asset risks.

## **F] INTERNAL RISK CONTROL AND MANAGEMENT SYSTEMS IN RELATION TO THE FINANCIAL INFORMATION REPORTING PROCESS (IFRS)**

Describe the mechanisms that make up the risk management and control systems in relation to the process of reporting your institution's financial information (IFRS).

### **F.1 Institution's control environment.**

**State, indicating their main characteristics, at least:**

#### **F.1.1. The bodies and/or areas responsible for: (i) the existence and maintenance of adequate and effective IFRS; (ii) its implementation; and (iii) its supervision.**

The Internal Financial Reporting Control System (hereinafter IFRS) shall provide the Audit and Control Committee and Senior Management with reasonable assurance about the reliability of the financial information submitted for approval to the Board and that is periodically disclosed to regulators and the market.

The bodies and areas at the FCC Group responsible for ensuring the existence, maintenance, implementation and supervision of an adequate and effective IFRS, as well as the responsibilities attributed to these bodies are as follows:

##### Board of Directors.

The duties of this Governing Body include:

- Ultimate responsibility for the approval of the Risk Control and Management Policy, including tax risks, identifying the main risks faced by the Company and implementing and monitoring the appropriate internal control and information systems, adopting the most relevant resolutions to implement them in the best possible way, as well as the supervision of internal information and control systems.
- Defining the information and communication policies with shareholders, markets and public opinion, ensuring the quality of the information provided, approving the financial information that, due to its listed status, the Company must publish periodically.

##### Audit and Control Committee.

In relation to the Information and Internal Control Systems, the Audit and Control Committee is responsible for:

- Periodically reviewing, among other aspects, the process of preparing economic-financial information, its internal controls and the independence of the external auditor.
- The supervision of the Company's Internal Audit services that ensure the proper functioning of the information and internal control systems, with the person responsible for the Internal Audit function being required to present his/her annual work plan to the Committee and directly inform this body of any incidents that occur in the performance of his/her duties and submit a report on his/her activities at the end of each year.
- The supervision and analysis of the effectiveness of the Company's internal control and of the risk control and management policy approved by the Board of Directors, ensuring that it identifies, as a minimum:

- The different types of risks to which the Group is exposed, including financial or economic risks, contingent liabilities and other off-balance sheet risks.
  - Setting the level of risk that the Company considers acceptable.
  - The measures planned to mitigate the impact of the risks identified, should they materialise.
  - The Information and Internal Control Systems that will be used to control and manage the aforementioned risks, including contingent liabilities or off-balance sheet risks.
- The supervision of the preparation process and the integrity of the financial information related to the Company and, where appropriate, to its Group, reviewing compliance with regulatory requirements, the adequate definition of the consolidation perimeter and the correct application of accounting criteria.
  - The supervision of the process of preparing and submitting individual and consolidated annual accounts and management reports, and the periodic financial information that is disseminated to the markets, ensuring compliance with the legal requirements and the correct application of generally accepted accounting principles, informing the Board of Directors of the financial information that, given its status as a listed company, the Company is required to publish periodically.
  - The supervision of the auditor and his/her independence, including the reception of reports and the authorisation of certain services that could pose a threat to his/her independence.
  - The supervision of the proper functioning and effectiveness of the Crime Prevention Model.

#### Senior Management.

The Senior Management of each of the units is ultimately responsible for the implementation of the Risk Management and Internal Control Model; its duties include the implementation of an effective and efficient control system for risks, including those associated with financial information.

#### General Administration and Finance Division.

The General Administration and Finance Division performs its duties in the areas of Administration, Information Systems and Technologies, Finance, Purchasing and Human Resources.

The Administration area directs the administrative management of the FCC Group and has the following duties, among others, in relation to Information Systems and Internal Control: general accounting, accounts standardisation, consolidation, tax advice, and tax procedures, tax compliance and the management of administrative procedures.

In turn, the Finance area is entrusted with the centralised management of the FCC Group's finances. In relation to the Information and Internal Control Systems, its aims and actions are structured around financing the Group's activities, the management of its debt and financial risks, the optimisation of the treasury and financial assets, financial management and control, the management of markets and CNMV, the analysis and financing of investments, the management, monitoring and control of guarantees and collateral, the management of insurance and industrial and property risks and management control.

The Information Systems and Technologies area of the FCC Group ensures that adequate technological support is provided to the Group's management processes, optimising the level of service provided to users, and ensuring the confidentiality and integrity of information systems. Reporting to this area, the FCC Group has an Information Security Department responsible for developing and implementing internal control policies and procedures concerning information systems, including those that support the processes of preparing and publishing financial information., and that assume responsibility for data protection matters.

### General Internal Audit and Risk Management Division.

Its objective is to provide the Audit and Control Committee and Senior Management with an independent and objective opinion on the Group's ability to achieve its objectives through a systematic and methodological approach for the assessment, management and effectiveness of internal control and risk management processes, assessing the effectiveness and reasonableness of the internal control systems, as well as the functioning of processes according to the procedures, proposing improvements and providing methodological support to the Division in the process of identifying the main risks that affect activities and supervising the actions for their management.

The responsibilities in relation to the Financial Information Control Systems of the General Internal Audit and Risk Management Division include the supervision of the process of preparing and submitting the Group's financial information before it is issued to the market, as well as contributing, together with the other areas involved, the development of internal controls by monitoring compliance with the policies, standards, procedures and activities that constitute the internal control model to ensure the correct management and reduction of risks, issuing recommendations for their improvement. Its responsibilities also include the supervision of projects and processes, performing a risk identification and an assessment of the control environment.

### Compliance Committee.

This high-level internal management committee, with autonomous initiative and control powers entrusted by the Board of Directors, through its Audit and Control Committee, is responsible for promoting a culture of ethics throughout the Organisation and ensuring both internal and external regulatory compliance. Its duties and competencies include the monitoring and supervision of ethics and compliance programmes, as well as the Code of Ethics and Conduct, existing policies, rules, procedures and controls aimed, among other objectives, at preventing unlawful conduct. It is chaired by the Corporate Compliance Officer. The nature, purpose, structure and competencies of the Compliance Committee are established in the FCC Compliance Committee Regulations approved by the Board of Directors.

#### **F.1.2. Whether the following elements are in place, especially in relation to the process of preparing financial information:**

- **Departments and/or mechanisms in charge of: (i) designing and reviewing the organisational structure; (ii) of clearly defining the lines of responsibility and authority, with an adequate distribution of tasks and functions; and (iii) ensuring there are sufficient procedures for its correct dissemination throughout the institution.**

The Appointments and Remuneration Committee is responsible for examining and organising the process for replacing the Chairman and the CEO and, where appropriate, making proposals to the Board of Directors so that these processes occur in an orderly and planned manner. It is responsible for reporting on the proposals for the appointment and removal of senior managers that the CEO proposes to the Board and the basic conditions of their contracts.

The highest authority for the design and review of the organisational structure as well as the definition of the lines of responsibility and authority is the CEO, appointed by the Board of Directors. Each Corporate or Business Division must define the organisational structure and the lines of responsibility of its management.



The process of determining the organisational structure is regulated by section 10 of the Group's General Standards Manual, which regulates the bodies that directly report to the Board of Directors, the distribution of the Group's management duties, and the appointment of managerial positions.

The first-level organisational structure is available on the corporate intranet, with the different business units having their own organisational structures associated with specific projects and contracts.

Among its specific responsibilities in terms of the Internal Financial Reporting Control System, the General Administration Division is responsible for the assumption of high-level executive functions in the management of the IFRS, the execution of control activities relating to the consolidation subprocess and the normalisation of the processes relating to the preparation of the information. The Risk Management areas responsibilities include methodological support in the identification of risks and controls in the process of preparing financial information. Finally, the Internal Audit area supervises the process of preparing and submitting the Group's financial information before it is issued to the market.

- **Code of conduct, approval body, degree of dissemination and awareness, principles and values included (indicating whether there are specific mentions to the register of operations and preparation of financial information), body in charge of analysing non-compliance and proposing corrective actions and sanctions.**

The Board of Directors, as a non-delegable power, is responsible for approving the FCC Group's Regulations or Internal Codes of Conduct. The Audit and Control Committee, in accordance with the aforementioned Regulations, is responsible for ensuring that the Internal Codes of Conduct and the Corporate Governance Rules comply with the regulatory requirements and are adequate for the Company, as well as reviewing compliance by those affected by these codes and rules of governance with their duties to inform the Company.

The FCC Group has a Code of Ethics and Conduct, the last update of which was approved by the Board of Directors in September 2019, which aims to ensure all persons linked to any FCC Group company, regardless of the type of contract applicable to their employment relationship, position or geographical area in which they perform their work, are guided by the strictest behavioural guidelines in compliance with laws, regulations, contracts, procedures and ethical principles, being binding on all these persons.

This code is published both on the corporate intranet, as well as the Group's website, where it can be accessed for consultation, performing awareness raising and communication campaigns through different internal means, on physical and electronic supports, with a view to strengthening the personal commitment of employees to the company's ethical compliance system. During 2019, 4,590 training courses were imparted, relating both to the Code of Ethics and Conduct, in addition to specific training on compliance matters for certain levels of the organisational structure and those in charge of controls, both in businesses and corporate areas; at the end of 2019, the organisation was in the phase of rolling this training out internationally.

Among the principles of action included in this Code are respect for the law and ethical values, zero tolerance for bribery and corruption, the prevention of money laundering and financing terrorist activities, protection of free competition and best market practices, ethical behaviour on the stock market, avoidance of conflicts of interest, rigour in the control, reliability and transparency of information, protection of the Group's reputation and image, the efficient and safe use of the company's resources and assets, the monitoring of property and the confidentiality of data and information, a customer orientation, the prioritisation of people's health and safety, the promotion of diversity and fair treatment, the commitment to our environment, a transparent relationship with the community and extending the commitment to ethics and compliance to business partners.

Regarding the registration of transactions and the preparation of financial information, the current Code of Ethics and Conduct, under "Rigour in control, reliability and transparency", specifies "The information of the FCC Group must be prepared with the maximum reliability, complying with the applicable regulations

and company rules and be duly guarded and conserved”, stating that the process of accounting, registering and adequately and comprehensively documenting all transactions, income and expenses, at the time they occur, should be monitored without omitting, hiding or altering any data or information, so that the accounting and operational records faithfully reflect reality and can be verified by the control areas and by internal and external auditors. Failure to follow these premises could be considered to be fraud. The circumvention of the company's internal controls will be grounds for sanction”. Furthermore, FCC has a Tax Code of Conduct, which also includes the commitment to transparent behaviour in tax matters and the latest version of which was approved by the FCC Board of Directors in June 2018.

Also during 2019, new policies have been approved for the Group (Agents, Human Rights, Gifts), which combine with the regulations implementing the Code of Ethics and Conduct, which also includes an anti-corruption policy, a partner relationship policy in matters of Compliance, a crime prevention manual, investigation and response procedures and Whistleblowing Channel and the Rules of the Compliance Committee.

The Compliance Committee is a high-level, permanent and internal management committee with autonomous initiative and control powers entrusted by the Board of Directors with responsibility for promoting a culture of ethics throughout the organisation and ensuring both internal and external regulatory compliance. To this end, its main duties and competencies include the surveillance and supervision of ethics and compliance programmes, as well as the Code of Ethics and Conduct, and of policies, rules, procedures and controls. The Corporate Compliance Officer is the Chairman of the Compliance Committee and periodically informs the Committee about the performance of its duties and the level of regulatory compliance.

Furthermore, each of the Group's businesses has its own Business Compliance Officer, who assists the Corporate Compliance Officer in the implementation of the Crime Prevention Model, in the identification of risks, in the definition and monitoring of controls and in the handling of complaints and investigations relating to crimes and reported breaches of the Code of Ethics and Conduct. Furthermore, the Business Compliance Committees have been set up as a Crime Prevention body that supports, in this connection, both the Board of Directors or the equivalent decision-making body and the Corporate Compliance Committee itself.

- **Whistleblowing Channel, which makes it possible to inform the audit committee of financial and accounting irregularities, in addition to possible breaches of the code of conduct and irregular activities at the organisation, stating, as appropriate, whether this is confidential.**

The FCC Group has a Whistleblowing Channel, through which it is possible to confidentially report activities and behaviours that may involve a breach of any of the aspects of the Code of Ethics and Conduct, including potential irregularities that could have criminal consequences. All communications are managed by the Compliance Committee applying the defined protocol, thus guaranteeing confidentiality. The management of the Whistleblowing Channel is regulated in the Whistleblowing Channel Procedure, approved by the FCC Board of Directors.

Communications can be made in three ways:

- Via the corporate intranet.
- Sending an email to a specific email address.
- Sending a letter addressed to a specific post box.

The procedure and functioning of the Whistleblowing Channel are described on the intranet and in the Code of Ethics and Conduct, which specifies the duty of all persons linked to any FCC Group company, of reporting any breach they become aware of.

- **Training and periodic update programmes for staff involved in the preparation and review of financial information, as well as in the assessment of the IFRS, covering at least accounting standards, auditing, internal control and risk management.**

Training plans, both for the business units and at a Corporate level, include different training actions focussing on the acquisition, updating and recycling of economic-financial, regulatory, control and risk management knowledge, as well as other regulatory and business aspects, knowledge of which is necessary for the proper preparation and supervision of the Group's financial information. During 2019, 10,967 hours of specific training were imparted on these subjects, among which the following training actions stand out: International Financial Reporting Standards, Analysis of Economic-Financial Statements, Tax Accounting, Finance, Development of accounting treatments in IFRS, Taxes, Accounting, etc.

Furthermore, 4,590 hours of training have been imparted in aspects of the Code of Ethics and Compliance, as well as specific training on data protection and the prevention of money laundering and terrorist financing

## **F.2 Assessment of financial information risks**

### **Report, at least:**

#### **F.2.1. The main characteristics of the risk identification process, including error or fraud, in terms of:**

- **Whether the process exists and is documented.**

The FCC Group Risk Management Model establishes a comprehensive framework for the identification, assessment and management of risks at all levels of the organisation, assigning responsibilities in different areas and levels of the Organisation.

Based on a cross-cutting risk matrix, the business units identify and assess the different risks, in terms of probability of occurrence and impact. This risk matrix includes risks relating to errors in the preparation of financial information under different perspectives. Periodically, the management teams of each business area analyse and report on the risks that have materialised in each of the Group's areas, with this information serving to take actions, and indirectly, to update risk maps.

Section E of this Annual Corporate Governance Report details the activities, responsibilities and functioning of the FCC Group Risk Management Model.

- **Whether the process encompasses all the financial information objectives (existence and occurrence; integrity; appreciation; presentation, breakdown and comparability; and rights and obligations), whether it is updated and how often.**

The FCC Group's Risk Matrix contemplates, from different perspectives, risks related to the most relevant financial information objectives. On the one hand, as part of Operational and Financial Risks, different aspects relating to the analysis, monitoring and efficiency in the management of different financial information are considered. As part of Compliance Risks, the repercussions of non-compliance with the regulatory requirements in accounting, commercial and corporate matters are contemplated. The risk of fraud is contemplated in the Crime Prevention Model. Finally, as part of Reporting Risks, several risks relating to shortcomings in reporting models and systems are considered, including but not limited to aspects of reliability, timeliness and transparency.

Both the identification process and the risk assessment process include periodic updates, taking into account both business needs and external factors. Additionally, both the business units and corporate functions periodically report the most significant risks.

- **The existence of a consolidation perimeter identification process, taking into account, among other aspects, the possible existence of complex corporate structures or special purpose entities.**

Each of the areas into which the FCC Group is organised is responsible for maintaining and updating the consolidation perimeter corresponding to its area of activity. The Accounting Consolidation and Standardisation Department keeps the Financial and Economic Manual up to date in relation to the Group companies that make up the consolidation perimeter, based on the data provided by the business areas. Additionally, periodic controls are performed on the correct accounting treatment of companies that make up the consolidation perimeter.

- **Whether the process takes into account the effects of other types of risks (operational, technological, financial, legal, tax, reputational, environmental, etc.) to the extent that they affect the financial statements.**

The FCC Group's Risk Matrix includes different operational, technological, information security, financial, legal, environmental and reputational risks, in addition to others, which are divided into the following five broad categories: strategic, operational, compliance, financial and reporting risks. These risks are valued considering their potential impact on the financial statements should they materialise.

- **Which governing body at the entity supervises the process.**

The FCC Group's Risk Matrix includes different operational, technological, information security, financial, legal, environmental and reputational risks, in addition to others, which are divided into the following five broad categories: strategic, operational, compliance, financial and reporting risks. These risks are valued considering their potential impact on the financial statements should they materialise.

### **F.3 Control activities**

**Report, indicating their main characteristics, whether at least the following are in place:**

**F.3.1. Procedures for reviewing and authorising the financial information and description of the IFRS, to be disclosed to the securities markets, indicating those in charge of them, as well as descriptive documentation concerning the flows of activities and controls (including those relating to fraud risk) of the different types of transactions that may materially affect the financial statements, including the year-end accounting procedure and the specific review of the relevant resolutions, estimates, measurements and projections.**

The high-level functions regarding the Internal Financial Reporting Control System are assumed by the General Administration and Finance Division of the FCC Group, which certifies the consolidated accounts in terms of their integrity and accuracy, with the approval of the CEO.

The conclusions of the internal control assessment performed by the external auditor as part of the audit of accounts, together with the supervision performed by the General Internal Audit and Risk Management Division, are submitted to the Audit and Control Committee as part of reports containing the recommendations considered necessary.

Finally, the favourable report of the Audit and Control Committee is a preliminary step as part of the preparation of the Annual Accounts and the Management Report by the Board of Directors.

In addition, as part of the process of disclosing financial information to the securities markets, either quarterly or on an exceptional basis, or when a relevant fact is issued, those responsible for each area review the information reported for the purposes of consolidation. This information is consolidated by the Group's General Administration and Finance Division, which performs specific control activities as part of the year-end accounting process to ensure the reliability of this information. The Internal Audit area supervises the process of preparing and submitting the Group's financial information before it is issued to the market.

Additionally, the specific review of the relevant resolutions, estimates, measurements and projections to quantify certain assets, liabilities, income, expenses and commitments recorded and/or broken down in the Annual Accounts, is also carried out by the General Administration and Finance Division with support from the other divisions. Hypotheses and estimates based on the evolution of the business are reviewed and analysed in cooperation with the corresponding Business Divisions.

For each of the business units, as well as for corporate services, the FCC Group has a series of controls to regulate, supervise and monitor, among other aspects, business management processes, the objective of which is to prevent and detect breaches of the FCC Group's policies and procedures and potential fraud risk situations

In addition to the bases established in Articles 10, 11 and 14 of the Rules of the Board of Directors, which describe the specific duties relating to the Annual Accounts, the Management Report and the relationship with the securities market, the FCC Group has defined procedures in place on year-end and maintenance processes concerning the accounts plan, including procedures to ensure the correct identification of the consolidation perimeter. Specifically, the Economic-Financial Manual covers the accounting treatment of the different types of processes and transactions that may affect Financial Statements (accounting, tax, insurance, treasury, etc.), and includes a series of rules that make it possible to obtain information of an economic-financial nature in a standardised manner, including procedures to make economic and financial information available to the Administration and IT areas, obtain consolidated information, tax reporting, submission of annual accounts, accounting, transactions with related parties, etc.

**F.3.2. Internal control policies and procedures on information systems (among others, on access security, change control, their operation, operational continuity and segregation of duties) that support the institution's relevant processes in relation to the preparation and publication of financial information.**

FCC has an Information Security Policy in place that defines the company's information security model, the regulatory body, organisation and responsibilities when it comes to the security, classification of information, the information security areas, the risk analysis model and the information auditing procedure. Internal control policies and procedures on information systems cover all the Group's information management processes, including the processes for preparing and publishing financial information. Certain part of the activities performed by Infrastructure (construction and Industrial) and Water have an international certified ISO-27001 Information Security Management System.

Worth particular mention from among the Information Security System documentation are the specific rules on database security, encryption, access control, equipment configuration control, mobile device security, backup copies, incident management, systems laboratories, networks, password security, privacy, security in developments, documents and outsourcing services to external companies, physical security, roles and responsibilities in information security, return of technological aids and compliance with the

requirements of the General Data Protection Regulation, as well as the new Policy on the Use of Technological Media, approved in April 2019. This regulation is available on the intranet.

In addition, the Information Technology area has procedures in place for managing the life cycle of user access, managing changes to platforms and systems and managing security incidents and breaches.

Information and application security is monitored continuously through an SOC (Security Operations Centre) service, and periodic internal reviews of the computer control environment are also performed.

In addition, the Centre of Expertise that provides the support and maintenance service to the FCC Group's ERP has obtained the SAP "Customer Center of Expertise Primary Certification" certificate.

### **F.3.3. Internal control policies and procedures aimed at supervising the management of activities outsourced to third parties, as well as those aspects of assessments calculations or measurements entrusted to independent experts, which may materially affect the financial statements.**

The FCC Group's Purchasing Regulations establish different scopes of purchasing management depending on their nature, with all subject to a series of general principles based on the transparency of decision making, invitations to tenders, the traceability of the process, the fulfilment of award conditions and the supervision and assessment of suppliers.

With respect to the significant activities outsourced with an impact on the financial statements, the FCC Group has outsourced the provision of management services for its IT and telecommunications infrastructures, as well as support for the main corporate applications. The Information Systems and Technologies Division has a standard that defines the security criteria in terms of outsourcing to external companies, and specific procedures for the control of outsourced services through the contractual regulation of the following aspects:

- Governance mechanisms and service monitoring
- Audits, inspections and service reviews
- Service level management
- Monitoring and control of services performed by third parties that affect ISO 27001 certifications

The main outsourced activities relating to the execution or processing of transactions reflected in the Group's Financial Statements are the measurement of derivative financial products, the performance of actuarial calculations and the appraisal of certain fixed assets. These activities are controlled by the Administration and Finance Division.

## **F.4 Information and communication**

**Report, indicating their main characteristics, whether at least the following are in place:**

### **F.4.1. A specific area in charge of defining, keeping accounting policies up to date (accounting policies area or department) and resolving queries or conflicts concerning their interpretation, maintaining fluid communication with those responsible for operations across the organisation, as well as an up-to-date accounts policy manual communicated across the units through which the company operates.**

Responsibility for the application of the accounting policies at the FCC Group is centralised through the General Administration and Finance Division, to which the Accounting Consolidation and Standardisation

Department and Administrative Coordination Department report. These departments are responsible for functions including but not limited to:

- Defining the Group's accounting policies and incorporating them in the Financial and Economic Manual.
- Issuing the accounting regulations applicable to the Group.
- Resolving queries or conflicts concerning the interpretation or application of the Group's accounting policies to any company included in the perimeter and specifying, clarifying or extending the instructions and regulations issued.
- Analysing single operations and transactions carried out or that the Group plans to carry out with a view to ensuring their adequate accounting treatment in line with the Group's accounting policies.
- Following up on the new draft regulations being studied by the IASB, new regulations approved by this agency and the corresponding validation process.

The Financial and Economic Manual that includes the accounting regulations is available on the Group's Intranet. It is updated and maintained by the different departments under the General Administration and Finance Division.

The FCC Group also has a Tax Control Framework Standard, the latest version of which was approved by the Board of Directors in June 2018.

#### **F.4.2. Mechanisms for obtaining and preparing financial information in homogeneous formats, for application and use by all units of the company or Group, which support the main financial statements and notes, as well as the information provided on the IFRS.**

The FCC Group has implemented SAP environment tools for the consolidation of the economic-financial information used to respond to the reporting needs of its financial statements. This tool makes it possible to centralise a significant part of the information corresponding to the accounting of the individual financial statements of the Group's subsidiaries in a single system. The system is centrally managed and uses a single account plan. Through this tool, the Corporate Finance area collects comprehensive information about the entire FCC Group, both from Spanish and foreign companies.

The accounting policies, procedures and internal rules relating to year-end, reporting and consolidation processes are described in the Group's Financial and Economic Manual, in addition to detailing the information that must be provided for the consolidation process and defining both the reporting deadlines and the base documents and forms to provide this information. This Manual also includes procedures for obtaining the consolidated information in SAP BFC (creation of consolidation perimeters, execution of the consolidation process, controls, etc.) and for all reporting phases, as well as other procedures relating to the processes of applications in the SAP BFC environment.

In addition, at year-end and with a view to publishing the annual financial report, the General Administration Division sends the year-end plan, including a series of instructions, to those responsible for providing the corresponding financial information. The Administrative Coordination Division, specifies, clarifies or extends these instructions when required.

The consolidated accounts follow the guidelines set out in the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS). With a view to guaranteeing a homogeneous accounting process, the FCC Group has developed a corporate chart of accounts that is also included in the Financial and Economic Manual.

## **F.5 Supervision of the system's functioning**

**State, indicating their main characteristics, at least:**

**F.5.1. The IFRS supervision activities performed by the audit committee and whether the company has an internal audit area responsible, in addition to other aspects, for supporting the committee in its work to supervise the internal control system, including the IFRS. Furthermore, the scope of the IFRS assessment carried out during the year and the procedure through which the person in charge of carrying out the assessment will communicate the corresponding results shall be indicated, whether the company has an action plan detailing the possible corrective measures, and whether their impact on financial information has been considered.**

The Audit and Control Committee performs the following activities:

- Inform the General Shareholders' Meeting about the issues raised in relation to the matters within its remit and, in particular, the outcome of the audit, explaining how it has contributed to the integrity of the financial information and the role that the Committee has played in that process.
- Serve as a channel of communication between the Board of Directors and the external auditor at the Company, assessing the outcome of each audit and ensuring his/her independence.
- The supervision of the Company's Internal Audit services to ensure the proper functioning of the information and internal control systems, with the person responsible for the Internal Audit function being required to present his/her annual work plan to the Committee and directly inform this body of any incidents that occur in the performance of his/her duties and submit a report on his/her activities at the end of each year.
- Supervise and analyse the effectiveness of internal control at the Company and the Risk Control and Management Policy approved by the Board of Directors.
- Supervise the preparation process and the integrity of the financial information related to the Company and, where appropriate, to its Group, reviewing compliance with regulatory requirements, the adequate definition of the consolidation perimeter and the correct application of accounting criteria.
- Periodically supervise the Internal Control and Risk Management Systems, including tax risks,, so that the main risks are properly identified, managed and made known.

The Internal Audit area forms part of the General Internal Audit and Risk Management Division. Its core mission is to facilitate the Audit and Control Committee in the fulfilment of its duties and responsibilities, acting with total independence from management areas, as it functionally reports to the Audit and Control Committee. Among its responsibilities and competencies relating to IFRS are:

- Collaborating in the supervision of the process for preparing and submitting the Group's financial information before it is issued to the market.
- Contributing, together with the other areas involved, to the development of internal control by monitoring compliance with the policies, standards, procedures and activities that constitute the internal control model to reduce risks, issuing improvement recommendations.
- Supervising projects and processes, carrying out a risk identification and an assessment of the control environment.



- Acting as third line of defence, supervising compliance control
- Performing the internal investigations designated by the Compliance Committee.

The outcome of the reviews performed by the Internal Audit area and the incidents detected are communicated by the General Internal Audit and Risk Management Division to the Audit and Control Committee.

In turn, the Audit and Control Committee approves the Annual Audit Plan and supervises the Activities Report. During 2019, the following tasks relating to the management and control of risks and the supervision of the Group's Financial Information were carried out by different areas:

- Review of the FCC Group's relevant applications, as well as certain aspects of physical and logical security.
- Monitoring of internal control weaknesses detected during both the Internal and External Audit of the IT area.
- Collaboration in internal audits in terms of compliance with ISO 27001.
- Collaborating in the supervision of the individual and consolidated annual accounts of FCC, S.A., as well as the six-monthly financial statements reviewed by the external auditor.
- Collaborating in the supervision of financial and corporate information sent to regulators and markets and supervised by the Audit and Control Committee:
  - Annual financial report.
  - Management reports.
  - Six-monthly financial report.
  - Quarterly reports.
  - Annual Corporate Governance Report.
- Review of the control environment in relation to the prevention of money laundering and terrorist financing.
- Pre-approval of services other than audit services provided by audit firms, collaborating with the Audit and Control Committee in its work of monitoring the independence of the external auditor.
- Audit of key processes, works and projects/contracts focussing, in addition to other aspects, on reviewing financial information and contractual risks.
- Audit of procedures for sampling and reviewing support processes in certain business areas.
- Coordination of the process of updating the identification and assessment of risks by the business units, providing a standardised methodology aligned with the Risk Management Model and consolidating the information at a corporate level.

**F.5.2. Whether a discussion procedure is in place, whereby the account auditor (pursuant to the provisions of the NTA), the internal audit area and other experts can inform Senior Management and the Audit Committee or the company's administrators of significant internal control shortcomings identified during the review of the annual accounts or those entrusted to them. Furthermore, indicate whether an action plan is in place that seeks to correct or mitigate the shortcomings identified.**

The Rules of the Board of Directors at the FCC Group establish that it is the responsibility of the Audit and Control Committee to serve as a channel of communication between the Board of Directors and the Company's external auditor, assessing the results and discussing the significant shortcomings in the Control System Internal detected during the performance of the audit.

The Group's auditor has direct access to the Group's Senior Management, holding regular meetings, both to obtain information required for the performance of his/her work, and to communicate the control shortcomings detected. External auditors submit the conclusions of their reviews to the Audit and Control Committee, detailing the internal control shortcomings identified in the performance of their review of the Group's annual accounts, including any aspect they deem relevant. In 2019, the External Auditor attended three Audit and Control Committee meetings, presenting 3 reports.

Furthermore, the Regulations of the Internal Audit area at the FCC Group indicate that the Audit and Control Committee shall be made aware, through the General Internal Audit and Risk Management Division, among others, of the most relevant aspects in relation to: relationships with external auditors, the outcome of the supervision of the reliability and integrity of the financial and management information of Group companies before being issued to the market, the fulfilment of internal and external regulatory requirements, the functioning of the internal control systems, and the development and functioning of risk management systems.

In addition, the Regulations of the Internal Audit area at the FCC Group establish that the Audit and Control Committee will be supported by the General Internal Audit and Risk Management Division in fulfilling its responsibilities and competences, without prejudice to the support or assistance received from other areas. The Internal Audit area performs monitoring processes on accounting information (individual and consolidated), management reports and financial information that is periodically disclosed to the markets.

The General Internal Audit and Risk Management Division at the FCC Group periodically informs the Audit and Control Committee of the significant internal control shortcomings identified during the performance of its work, indicating the recommendations to be implemented to properly correct them. The Audit and Control Committee also receives presentations performed by the General Administration and Finance Division and the Compliance Officer, as well as the different corporate areas in relation to risks that have materialised.

#### **F.6 Other relevant information**

N/A
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## **F.7 External auditor's report**

### **Report on:**

**F.7.1. Whether the IFRS information sent to the markets has been submitted to review by the external auditor, in which case, the company should attach the corresponding report as an appendix. Otherwise, the reasons for not doing so shall be indicated.**

The information contained here on the Internal Financial Reporting Control System has been submitted to review by the external auditor, whose report is attached as an appendix to this document. The review has been based on the “Action Guidelines and Reporting Model for the auditor regarding information relating to the Internal Financial Reporting Control System of listed companies” published by the CNMV in 2013.

## **G** DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the degree of compliance at the company with the recommendations of the Code of Good Governance of Listed Companies.

In the event that any recommendation is not followed or is only partially followed, a detailed explanation of the reasons for this shall be included, so that shareholders, investors and the market in general have sufficient information to assess the company's behaviour. General explanations shall not be acceptable.

- 1. The Bylaws of listed companies do not limit the maximum number of votes that can be cast by the same shareholder, nor contain other restrictions that make it difficult to take control of the company by acquiring its shares on the market.**

Compliant  Explain

- 2. When the parent company and a subsidiary are listed, both publicly define in a precise manner:**

- a) **The corresponding areas of activity and possible business relationships between them, as well as the relationships of the listed subsidiary with other Group companies.**
- b) **The proposed mechanisms for resolving any conflicts of interests that may arise.**

Compliant  Partially compliant  Explain  Not applicable

- 3. During the ordinary general shareholders' meeting, in addition to the dissemination in writing of the annual corporate governance report, the Chairman of the Board of Directors verbally informs shareholders, in sufficient detail, of the most relevant aspects of the Company's Corporate Governance and, in particular:**

- a) **Of the changes that have occurred since the previous Ordinary General Shareholders' Meeting.**
- b) **Of the specific reasons that the company does not follow any of the recommendations in the Corporate Governance Code and, as applicable, any alternative rules that apply in this regard.**

Compliant  Partially compliant  Explain

The Company believes that the provisions of the company's corporate governance information to shareholders in the specific report prepared to this end is sufficient; this report accompanies the information made available before the Meeting is held.

In this connection, the announcement of the General Shareholders' Meeting is expressly indicated in the "Right to Information" section that all shareholders are entitled to obtain from the Company, for consideration at its registered office or for immediate dispatch free

of charge, including the Annual Corporate Governance Report, which is submitted to shareholders for approval as part of the Management Report.

This Report can be consulted on the Company's website and in the corporate governance section.

- 4. The company defines and promotes a policy of communication and contact with shareholders, institutional investors and voting advisors that fully complies with the standards in force to combat market abuse and addresses shareholders in the same position equally.**

**The Company publishes this policy on its website, including information related to the way in which it has been implemented and identifying the points of contact or persons responsible for carrying it out.**

Compliant  Partially compliant  Explain

Although the Company has not formally approved a policy on this matter, through the Stock Exchange and Investor Relations Department and the Shareholder Relations Office, a relationship is maintained with institutional investors and voting advisors that respects the purpose pursued by the recommendation at all times, and about which the Board of Directors is kept informed.

- 5. The Board of Directors does not submit a proposal for the delegation of powers to issue convertible shares or securities excluding the pre-emptive subscription right, for an amount greater than 20% of the capital at the time of delegation, to the General Shareholders' Meeting.**

**When the Board of Directors approves any issuance of shares or convertible securities excluding the pre-emptive subscription right, the company immediately publishes the reports on said exclusion to which trade legislation refers on its website.**

Compliant  Partially compliant  Explain

- 6. The listed companies that prepare the reports mentioned below, whether they are mandatory or voluntary, publish them on their website well in advance of the Ordinary General Shareholders' Meeting, even when their dissemination is not mandatory:**

- a) Report on the independence of the auditor.**
- b) Reports on the functioning of the audit committee and the appointments and remuneration committee.**
- c) Report of the audit committee on related transactions.**
- d) Report on the corporate social responsibility policy.**

Compliant  Partially compliant  Explain

The company approves the self-assessment reports corresponding to the Audit and Control Committee and the Appointments and Remuneration Committee at the first Board meeting of the business year.

These reports are not published when the company considers that information is already provided to this end in Section C.2.1 on the IAGC Board of Directors committees, which is available on the Group's corporate website.

The approval of transactions with related parties lies with the Appointments and Remuneration Committee responsible for this specific function.

Also in Section D2 of the IAGC, the significant transactions that have taken place during the year are listed.

**7. The Company broadcasts General Shareholders' Meetings live, on its website.**

Compliant  Explain

The Company does not follow this recommendation as to date it has received on request from its shareholders and given the cost it entails for the Company.

**8. The Audit Committee ensures that the Board of Directors seeks to present the accounts to the General Shareholders' Meeting without limitations or restrictions in the audit report and that, in the exceptional cases where restrictions are required, both the Chairman of the Audit Committee and the auditors clearly explain the content and scope of these limitations or restrictions to shareholders.**

Compliant  Partially compliant  Explain

**9. The Company publishes on its website, on a permanent basis, the requirements and procedures that it shall accept to demonstrate ownership of shares, the right to attend the general shareholders meeting and the exercise or delegation of the right to vote.**

**These requirements and procedures promote the attendance and exercise of shareholders' rights and are applied in a non-discriminatory manner.**

Compliant  Partially compliant  Explain

**10. When a legitimate shareholder has exercised, before the General Shareholders' Meeting is held, the right to add to the agenda or submit new resolutions, the Company:**

- a) Immediately disseminates these additional items and new resolutions proposed.**
- b) Discloses the attendance card template or vote delegation form or distance voting form with the necessary modifications so that the new items on the agenda and alternative resolution proposals can be voted on under the same terms as those proposed by the Board of Directors.**
- c) Submits all the alternative points or proposals to a vote and apply the same voting rules as applied to those prepared by the Board of Directors, including, in particular, assumptions or deductions on the meaning of the vote.**
- d) After the General Shareholders' Meeting, communicate the breakdown of the vote on these additional items or alternative proposals.**

Compliant  Partially compliant  Explain  Not applicable

Two different systems are used, for practical reasons, to count votes, all pursuant to the provisions of Article 20 of the Rules of the General Shareholders' Meeting, although the Chairman of the Board, in each specific case, may decide to apply the same counting system (Art. 20, section 4 of the Rules of the General Meeting).

- 11. If the company plans to pay out attendance premiums to the General Shareholders Meeting, a general policy on these premiums is established in advance and this policy is stable.**

Compliant  Partially compliant  Explain  Not applicable X

- 12. The Board of Directors performs its functions with unity of purpose and independence of judgment, treats all shareholders in the same position in the same way and is guided by the social interest, understood as the achievement of a profitable and sustainable business in the long term, which promotes its continuity and maximisation of the economic value of the company.**

**In the pursuit of social interests, in addition to respect for the laws and regulations and conduct based on good faith, ethics and respect for commonly accepted uses and good practices, the company seeks to reconcile its own social interest with, as appropriate, the legitimate interests of its employees, its suppliers, its customers and those of the other stakeholders that may be affected, as well as the impact of the company's activities on the community as a whole and on the environment.**

Compliant X Partially compliant  Explain

- 13. The Board of Directors is the correct size to ensure it is effective and participative, meaning it is advisable to have between five and fifteen members.**

Compliant X Explain

- 14. The Board of Directors approves a director selection policy that:**

- a) Is specific and verifiable.
- b) Ensures that proposes appointments and re-elections are based on a preliminary analysis of the Board's needs.
- c) Promotes the diversity of knowledge, experience and gender.

**The result of the preliminary analysis of the Board's needs is included in the explanatory report issued by the Appointments Committee that is published when the General Shareholders Meeting is called and to which the ratification, appointment or re-election of each director is submitted.**

**That the director selection policy promotes the objective of the number of female directors in 2020 representing at least 30% of all members of the Board of Directors.**

**The Appointments Committee shall verify compliance with the director selection policy each year and will be informed in the Annual Corporate Governance Report.**

Compliant X Partially compliant  Explain

- 15. Proprietary and independent directors represent a large majority of the Board of Directors and that the number of executive directors is the minimum necessary, taking into account the complexity of the corporate group and the percentage participation of the executive directors in the Company's capital.**

Compliant  Partially compliant  Explain

- 16. The percentage of proprietary directors compared to the total of non-executive directors is no greater than the proportion between the capital of the Company represented by these directors and other capital.**

**This criteria may be relaxed:**

- a) At companies with a high capitalisation with few shareholdings considered significant by law.**
- b) For companies in which there is a large number of shareholders represented on the Board of Directors who have no links to one another.**

Compliant  Explain

- 17. The number of independent directors represents at least half the total number of directors.**

**However, when the company is not highly capitalised or when, even if it is, one shareholder or more shareholders are acting together, controlling more than 30% of the share capital, the number of independent directors represents at least one third of the total number of directors.**

Compliant  Explain

On its Board of Directors, FCC has three independent directors out of a total of fourteen members, representing 21 percent of the total number of directors.

FCC believes that this percentage does not require an increase in the number of independent directors, considering the Company's very concentrated shareholding structure and the effective role of the three independent directors.

- 18. Companies publish the following information about directors on their website, and keep it up to date:**

- a) Professional and biographical profile.**
- b) Other boards of directors to which they belong, whether at listed companies or not, and the other paid activities they perform, regardless of their nature.**
- c) Indication of the category of Director to which they belong, indicating, in the case of proprietary directors, the shareholder they represent or with whom they have links.**
- d) Date of their first appointment as a Director of the Company, as well as subsequent re-elections.**
- e) Shares in the company, and options on them, that they own.**

Compliant  Partially compliant  Explain



**19. The Annual Corporate Governance Report, after a check performed by the Appointments Committee, explains the reasons that proprietary directors have been appointed at the request of shareholders whose shareholding is less than 3% of the capital stock; and it explains the reasons that formal requests for presence on the Board from shareholders whose shareholding is equal to or greater than that of others, at whose request proprietary directors have been appointed, have not been met.**

Compliant  Partially compliant  Explain  Not applicable X

**20. Proprietary directors submit their resignation when the shareholder they represent fully transfers their shareholding. They also do so, in the corresponding number, when said shareholder reduces their shareholding to a level that requires a reduction in the number of their proprietary directors.**

Compliant X Partially compliant  Explain  Not applicable

**21. The Board of Directors does not propose the removal of any independent director before the end of the statutory period for which they were appointed, unless there is just cause, identified by the Board following in a report from the Appointments and Remuneration Committee. In particular, it shall be considered that there is just cause when the director first occupies new positions or contracts new obligations that prevent him/her from dedicating the necessary time to the performance of the duties assigned to the position of director, breaches the duties inherent to the position in question or incurs in any of the circumstances resulting in him/her losing his/her status as an independent director, pursuant to the provisions of the applicable legislation.**

**The removal of independent directors may also be proposed as a result of takeovers, mergers or other similar corporate transactions that involve a change in the capital structure of the company, when these changes in the structure of the Board of Directors can be attributed to the criteria of proportionality indicated in recommendation 16.**

Compliant X Explain

**22. Companies establish rules that require that directors report and, where appropriate, resign in cases that may be harmful to the credit and reputation of the company and, in particular, require them to inform the Board of Directors of criminal cases in which they are named as defendants and the subsequent legal proceedings.**

**And if a director is prosecuted or tried for any of the offenses indicated in corporate legislation, the Board of Directors will examine the case as soon as possible and, based on its specific circumstances, decide whether or not the director shall continue in the corresponding position. The Board of Directors reflects all of this, in a reasoned manner, in the Annual Corporate Governance Report.**

Compliant X Partially compliant  Explain

**23. All directors clearly express their opposition when they consider that any proposed decision submitted to the Board of Directors may be contrary to the corporate interest. The same applies, in a special way, to independents and other directors who**

are not affected by any potential conflict of interests, in the case of decisions that may harm shareholders not represented on the Board of Directors.

When the Board of Directors adopts significant or repeated decisions about which the director would have made reservations, he/she shall draw the necessary conclusions and, if he chooses to resign, explain his/her reasons for doing so in the letter indicated in the following recommendation.

This recommendation also applies to the secretary of the Board of Directors, even if he/she does not have the status of a director.

Compliant X      Partially compliant       Explain       Not applicable

- 24. When either by resignation or for any other reason, a director steps down from his/her post before the end of the corresponding term, an explanation shall be provided in writing sent to all the members of the Board. The foregoing, notwithstanding his/her resignation being communicated as a relevant fact and the reason for the resignation being reported in the Annual Corporate Governance Report.**

Compliant X      Partially compliant       Explain       Not applicable

- 25. The Appointments Committee ensures that non-executive directors have sufficient time available for the proper performance of their duties.**

**And the Rules of the Board establish the maximum number of Boards on which its directors may serve.**

Compliant      Partially compliant X      Explain

In Article 21.4 of the Rules of the Board, the Company establishes that “Directors must inform the Appointments and Remuneration Committee of their other professional obligations, should they could interfere with their dedication of the position, and the Board shall establish, at the proposal of the Appointments and Remuneration Committee, the number of Boards on which directors may serve”.

Since the aforementioned Committee has not stipulated this number to date, the Company believes that it is partially compliant with the recommendation.

The Company, for the time being, has not set the maximum number of Boards to which each director may belong, since the dedication of the directors to the company has proven to be adequate, without it being necessary, therefore, to define a number.

- 26. The Board of Directors meets with the necessary frequency to perform its duties effectively and, at least, eight times a year, following the programme of dates and matters established at the beginning of the year, with each director allowed to individually propose other items on the agenda not initially provided for.**

Compliant X      Partially compliant       Explain

- 27. The absence of directors is limited to indispensable cases and quantified in the Annual Corporate Governance Report. And should such absences occur, the directors appoint a proxy with instructions.**

Compliant X      Partially compliant       Explain

**28. When the directors or the secretary express concern about any proposal or, in the case of directors, about the progress of the company and these concerns are not resolved by the Board of Directors, at the request of the person expressing them, these shall be recorded in the minutes.**

Compliant X      Partially compliant       Explain       Not applicable

**29. The Company establishes the appropriate channels so that directors can obtain the necessary advice for them to perform their duties, including, if the circumstances so require, external advice charged to the company.**

Compliant X      Partially compliant       Explain

**30. Regardless of the knowledge required by directors in the exercise of their duties, the companies also offer the directors knowledge refresher programmes when the circumstances so advise.**

Compliant X      Explain       Not applicable

**31. The agenda of meetings clearly indicates the points on which the Board of Directors must adopt a decision or resolution so that the directors can study or collect, in advance, the information necessary for its adoption.**

**When, exceptionally, for reasons of urgency, the Chairman wishes to submit decisions or resolutions that do not appear on the agenda for approval by the Board of Directors, the prior and express consent of the majority of the directors present shall be required, duly reflected in the minutes.**

Compliant X      Partially compliant       Explain

**32. Directors are periodically informed of changes in the shareholding structure and of the opinion that significant shareholders, investors and rating agencies have about the company and its Group.**

Compliant X      Partially compliant       Explain

**33. The Chairman, as the person responsible for the effective functioning of the Board of Directors, in addition to exercising the duties assigned to him by Law and in the Bylaws, prepares and submits a programme of dates and matters to be discussed to the Board of Directors; organises and coordinates the periodic assessment of the Board, as well as, where appropriate, the company's Chief Executive; is responsible for the direction of the Board and the effectiveness of its functioning; ensures that sufficient discussion time is devoted to strategic issues, and agrees and reviews knowledge refresher programmes for each director, when the circumstances so advise.**

Compliant X      Partially compliant       Explain

**34. When there is a coordinating director, the Bylaws or the Rules of the Board of Directors, in addition to the powers that correspond to him by Law, assign the following powers thereto: preside over the Board of Directors in the absence of the Chairman and Deputy Chairman, as applicable; echoes the concerns of non-executive directors; maintains contact with investors and shareholders to obtain their points of view to form an opinion on their concerns, particularly in relation to**

**the corporate governance of the company; and coordinates the Chairman's succession plan.**

Compliant  Partially compliant  Explain  Not applicable X

**35. The secretary of the Board of Directors ensures that the Board of Directors takes into account the recommendations on good governance contained in the Code of Good Governance applicable to company in its actions and decisions.**

Compliant X Explain

**36. The Board of Directors assesses, once a year, and adopts, where appropriate, an action plan that corrects any shortcomings detected regarding:**

- a) The quality and efficiency of the functioning of the Board of Directors.**
- b) The functioning and composition of its committees.**
- c) Diversity in the composition and powers of the Board of Directors.**
- d) The performance of the Chairman of the Board of Directors and the Chief Executive of the company.**
- e) The performance and contribution of each director, paying particular attention to those responsible for the different Board Committees.**

**To perform the assessment of the different committees, the report submitted to the Board of Directors will be used, and for the Board assessment, the report submitted to the Appointments Committee.**

**Every three years, the Board of Directors will be assisted by an external consultant in performing the assessment, whose independence shall be verified by the Appointments Committee.**

**The business relationships that the consultant or any company in its group may have with the company or any Group company shall be broken down in the Annual Corporate Governance Report.**

**The process and the areas assessed shall be described in the Annual Corporate Governance Report.**

Compliant  Partially compliant X Explain

The Board of Directors internally performs the annual assessment of the efficiency of its functioning, its committees, as well as that of the Chairman of the Board of Directors (non-executive) and the CEO.

The Company believes that the conclusions drawn during the internal assessment make it possible to sufficiently correct any shortcomings detected or improvements in the functions assigned to the Board.

The assessment with the help of an external consultant has been carried out twice in the past. The Board shall assess the suitability of requesting such external assistance each year.

**37. When an Executive Committee is in place, the shareholding structure of the different director categories is similar to that of the Board of Directors itself and the Board's secretary shall also serve as the secretary of this Committee.**

Compliant  Partially compliant X Explain  Not applicable

The secretary of the Executive Committee is the same as the secretary to the Board. However, in the composition of this committee, there are no independent directors, whereas there are three such directors on the Board.

All decisions taken by the Executive Committee are reported to the Board.

On this Committee, independent directors may request as many clarifications or comments as they deem appropriate.

Given the continuous control that the Board exercises over the Executive Committee, it has not been considered necessary to include independent directors on this Committee.

**38. The Board of Directors is always aware of the matters discussed and the decisions taken by the Executive Committee and that all the members of the Board of Directors receive a copy of the minutes of the Executive Committee meetings.**

Compliant X Partially compliant  Explain  Not applicable

**39. Members of the Audit Committee, and especially its Chairman, are appointed taking into account their knowledge and experience in accounting, auditing or risk management matters, and that the majority of its members are independent directors.**

Compliant X Partially compliant  Explain

**40. Under the supervision of the Audit Committee, there is a unit that assumes the internal audit function ensuring the proper functioning of the information and internal control systems, which functionally reports to the non-executive Chairman of the Board or the Audit Committee.**

Compliant X Partially compliant  Explain

**41. The person in charge of the unit responsible for the Internal Audit function submits the corresponding annual work plan to the Audit Committee, reports directly on incidents that occur in its development and submits an activity report at the end of each year.**

Compliant X Partially compliant  Explain  Not applicable

**42. In addition to those provided by law, the Audit Committee assumes responsibility for the following functions:**

**1. In relation to information and internal control systems:**

- a) Supervise the preparation process and the integrity of the financial information related to the Company and, where appropriate, to its Group, reviewing compliance with regulatory requirements, the adequate definition of the consolidation perimeter and the correct application of accounting criteria.

- b) **Ensure the independence of the Internal Audit function; propose the selection, appointment, re-election and removal of the head of the Internal Audit service, as well as the budget of this service; approve its orientation and work plans, making sure that its activity is mainly focused on the relevant risks of the company; receive periodic information about its activities; and verify that Senior Management takes into account the conclusions and recommendations in its reports.**
- c) **Establish and supervise a mechanism that allows employees to communicate, in a confidential manner and, if possible and deemed appropriate, anonymously, any potentially significant irregularities, especially financial and accounting irregularities, that they identify at the company.**

**2. In relation to the external auditor:**

- a) **In case of the resignation of the external auditor, examine the circumstances that may have led to this.**
- b) **Ensure that the remuneration of the external auditor for his/her work does not compromise his/her quality or independence.**
- c) **Ensure that the company communicates any change in auditor as relevant fact to the CNMV and accompanies this with a statement about the possible existence of disagreements with the departing auditor and, if there were any disagreements, the nature of them.**
- d) **Ensure that the external auditor holds an annual meeting with the Board of Directors to inform them about the work undertaken and the evolution of the accounting and risk situation at the company.**
- e) **Ensure that the company and the external auditor respect the rules in force on the provision of services other than auditing services, the limits on the concentration of the auditor's business and, in general, the other rules applicable to the auditor's independence.**

Compliant  Partially compliant  Explain

The meeting referred to in section 2.d) of this recommendation is not held, since this responsibility is delegated in full to the Audit and Control Committee, and the external auditor is responsible for presenting this information to the members of the Board.

**43. The Audit Committee may summon any employee or manager at the company, and even arrange for them to appear without any other manager present.**

Compliant  Partially compliant  Explain

**44. The Audit Committee is informed about the structural and corporate modifications that the company plans to perform for its analysis and preliminary report to the Board of Directors on its economic conditions and its accounting impact and, especially, where appropriate, on the proposed exchange ratio.**

Compliant  Partially compliant  Explain  Not applicable

To date, all directors at the company, including independent directors, have voted in favour of the transactions referred to in this recommendation, meaning that the step previous to those before the Audit and Control Committee is not considered necessary.

In any case, on the Board of Directors, members of the Audit and Control Committee may present their reflections and opinions, which will be taken into account by the Board at the time of making a decision.

**45. The risk control and management policy identifies at least:**

- a) The different types of risk, both financial and non-financial, (including operational, technological, legal, social, environmental, political and reputational) that the company faces, including financial or economic, contingent liabilities and other off-balance-sheet risks.**
- b) Setting the level of risk that the Company considers acceptable.**
- c) The measures planned to mitigate the impact of the risks identified, should they materialise.**
- d) The information and internal control systems that will be used to control and manage the aforementioned risks, including contingent liabilities or off-balance sheet risks.**

Compliant  Partially compliant  Explain

**46. Under the direct supervision of the Audit Committee or, where appropriate, a specialised committee of the Board of Directors, there is an internal risk control and management function performed by an internal unit or department at the company that has been expressly attributed the following functions:**

- a) Ensure the proper functioning of the control and risk management systems and, in particular, that all important risks affecting the Company are properly identified, managed, and quantified.**
- b) Actively participate in the preparation of the risk strategy and in the important decisions about its management.**
- c) Ensure that control and risk management systems adequately mitigate risks within the framework of the policy defined by the Board of Directors.**

Compliant  Partially compliant  Explain

**47. The members of the Appointments and Remuneration Committee, or of the Appointments Committee and the Remuneration Committee, if they are separate, should be appointed ensuring that they have the knowledge, skills and experience suitable for the duties they are called upon to perform and the majority of the members should be independent directors.**

Compliant  Partially compliant  Explain

The Appointments and Remuneration Committee is currently made up of two proprietary and two independent directors, one of whom is the Chairman.

FCC believes that the make up of the Appointments and Remuneration Committee, with two independent members out of a total of four, one of whom is also the Chairman, sufficiently guarantees the proper functioning of this Committee”.

**48. Large-cap companies should have a separate appointments committee and a separate remuneration committee.**

Compliant  Explain  Not applicable

The two recommended committees are integrated into a single appointments and remuneration committee, as the Board of Directors believes that the combination of the two facilitates the carrying out of the duties assigned to them.

**49. The Appointments Committee should consult with the Chairman of the Board of Directors and the CEO of the Company, especially on matters relating to executive directors.**

**And any director may request the consideration of potential candidates to fill vacancies of Director from the Appointments Committee, if it finds them suitable in its opinion.**

Compliant  Partially compliant  Explain

**50. The Remuneration Committee should carry out its duties independently and, in addition to the duties assigned by law, should have the following responsibilities:**

- a) **To propose to the Board of Directors the basic conditions of senior management contracts.**
- b) **To verify compliance with the remuneration policy established by the company.**
- c) **To regularly review the remuneration policy applied to directors and senior executives, including the share based remuneration systems and their application, and ensure that their individual remuneration is in line with that paid to the other directors and senior executives at the Company.**
- d) **To ensure that any conflicts of interest do not undermine the independence of the external advice provided to the committee.**
- e) **To verify the information on directors' and senior executives' remuneration contained in the various corporate documents, including the annual directors remuneration report.**

Compliant  Partially compliant  Explain

**51. The remuneration committee should consult with the company's chairman and CEO, especially on matters relating to executive directors and senior executives.**

Compliant  Partially compliant  Explain

**52. The rules governing the composition and operation of the supervision and control committees should be set out in the regulations of the Board of Directors and be consistent with those applicable to the legally obligatory committees in accordance with the above recommendations, including:**



- a) They should be composed exclusively of non-executive directors, with a majority of independent directors.
- b) Their chairmen should be independent directors.
- c) The Board of Directors should appoint the members of these committees, bearing in mind the knowledge, skills and experience of the directors and the duties of each committee, and should discuss their proposals and reports; and to report, at the first plenary session of the Board of Directors after its meetings, on its activity and should be accountable for the work carried out.
- d) The committees may seek external advice, when they consider it necessary for the carrying out of their duties.
- e) Minutes should be taken of their meetings and made available to all directors.

Compliant  Partially compliant  Explain  Not applicable X

**53. Supervision of compliance with the rules of corporate governance, internal codes of conduct and corporate social responsibility policy should be entrusted to one or more committees of the Board of Directors, which may be the Audit Committee, the Appointments Committee, the Corporate Social Responsibility Committee, if any, or a specialised committee which the Board of Directors, in the exercise of its powers of self-organisation, decides to set up for this purpose, and that is specifically entrusted with the following duties as a minimum:**

- a) The supervision of compliance with the Company's internal codes of conduct and corporate governance rules.
- b) The supervision of the communication strategy and relationship with shareholders and investors, including small and medium-sized shareholders.
- c) Regular evaluation of the adequacy of the Company's corporate governance system, in order for it to fulfil its aim of promoting the corporate interest and taking into account, as appropriate, the legitimate interests of other stakeholders.
- d) The review of the Company's corporate responsibility policy, ensuring that it is geared towards value creation.
- e) The following up of corporate social responsibility strategy and practices and the evaluation of their degree of compliance.
- f) The supervision and evaluation of the processes of relationship with the different stakeholders.
- g) The evaluation of all the company's non-financial risks - including operational, technological, legal, social, environmental, political and reputational risks.
- h) Coordination of the reporting process for non-financial and diversity information, in accordance with applicable regulations and international standards of reference.

Compliant  Partially compliant X Explain

Although in the operations of the Board of Directors these skills are dealt with in the agenda of its committees, some of the duties indicated in the Recommendation are not formally attributed to one of its committees by the Regulations of the Board of Directors.

**54. The corporate social responsibility policy includes the principles or commitments that the company voluntarily assumes in its relationship with the different stakeholders and identifies at least:**

- a) **The objectives of the corporate social responsibility policy and the development of means of support.**
- b) **Corporate strategy related to sustainability, environment and social issues.**
- c) **Specific practices on issues related to: shareholders, employees, customers, suppliers, social issues, environment, diversity, tax accountability, respect for human rights and prevention of unlawful actions.**
- d) **The methods or systems for following up the results of the implementation of the specific practices identified in the previous point, the associated risks and their management.**
- e) **Non-financial risk monitoring mechanisms, ethics and business conduct.**
- f) **Channels of communication, participation and dialogue with stakeholders.**
- g) **Responsible communication practices that avoid the manipulation of information and protect integrity and honour.**

Compliant  Partially compliant  Explain

**55. The company should report, in a separate document or in the management report, on matters related to corporate social responsibility, using one of the internationally accepted methodologies.**

Compliant  Partially compliant  Explain

**56. Directors' remuneration should be sufficient to attract and retain directors with the desired profile and to reward the dedication, qualifications and responsibility required for the position, but should not be so high as to compromise the independent judgement of non-executive directors.**

Compliant  Explain

**57. Variable remuneration linked to the company's performance and personal performance, as well as compensation in the form of shares, options or rights to shares or instruments linked to the value of the share and long-term savings schemes such as pension plans, retirement systems or other social welfare systems, should be exclusively limited to executive directors.**

**The delivery of shares may be considered as remuneration to non-executive directors when it is subject to their remaining on the board. The foregoing shall not apply to the shares that the director needs to sell, if any, to meet the costs related to their acquisition.**

Compliant  Partially compliant  Explain

**58. In the case of variable remuneration, remuneration policies should include the necessary technical limits and precautions to ensure that said remuneration is related to the professional performance of its beneficiaries and is not simply a result of general market or sector trends or other similar circumstances.**

**And, in particular, that the variable components of remuneration:**

- a) **Should be linked to performance criteria that are predetermined and measurable, and these criteria should take into account the risk assumed in order to obtain a result.**
- b) **Should promote the sustainability of the company and include non-financial criteria that are appropriate for the creation of long-term value, such as compliance with the company's internal rules and procedures and its policies for risk control and management.**
- c) **Should be designed on the basis of a balance between the achievement of short-, medium- and long-term objectives, allowing performance to be rewarded for continued achievement over a period of time sufficient to assess their contribution to sustainable value creation, so that the elements used to measure that performance do not revolve solely around one-off, occasional or extraordinary events.**

Compliant  Partially compliant  Explain  Not applicable

**59. The payment of a significant part of the variable components of remuneration should be deferred for a minimum period of time sufficient to verify that the previously established performance conditions have been met.**

Compliant  Partially compliant  Explain  Not applicable

The CEO's variable is related to EBITDA, operating cash flow and individual objectives. This variable is approved once the Board of Directors has drawn up the accounts and approved the financial objectives.

No other type of deferral of the variable components is carried out, as it is not considered necessary, given the amount and time at which it is approved.

**60. Remuneration related to the Company's profit and loss should take into account any qualifications in the external auditor's report that reduce said profit and loss.**

Compliant  Partially compliant  Explain  Not applicable

**61. A significant percentage of the variable remuneration of executive directors should be linked to the delivery of shares or financial instruments tied to their value.**

Compliant  Partially compliant  Explain  Not applicable

The FCC Group's remuneration policy does not include the delivery of shares or financial instruments linked to their value to its executive directors, as this is considered more appropriate.

**62. Once the shares or options or rights over shares corresponding to the remuneration systems have been assigned, the directors may not transfer the ownership of a number of shares equivalent to twice their annual fixed remuneration, nor may they**

**exercise the options or rights until a period of at least three years has elapsed since their allocation.**

**The foregoing shall not apply to the shares that the director needs to sell, if any, to meet the costs related to their acquisition.**

Compliant  Partially compliant  Explain  Not applicable X

**63. Contractual agreements should include a clause allowing the company to claim reimbursement of the variable components of remuneration when the payment has not been in accordance with the performance conditions or when they have been paid on the basis of data which is subsequently proven to be inaccurate.**

Compliant  Partially compliant  Explain X Not applicable

Variable remuneration is approved by the Board of Directors once the parameters to which it is tied have been verified. It has not been considered necessary, both because of the volume of the remuneration and the time at which it is paid, to establish additional precautions.

**64. Severance payments should not exceed a set amount equivalent to two years' total annual remuneration and should not be paid until the company has been able to verify that the director has met the previously established performance criteria.**

Compliant X Partially compliant  Explain  Not applicable

## **H** OTHER INFORMATION OF INTEREST

1. If there are any relevant aspects of Corporate Governance in the Company or in the Group Entities that have not been included in the other sections of this report, but that are necessary to include in order to obtain more complete and detailed information on the governance structure and practices in the entity or its group, please briefly describe them.
2. This section may also include any other information, clarification or detail related to the previous sections of the report insofar as they are relevant and not repetitive.

Specifically, it shall indicate whether the company is subject to legislation other than Spanish legislation on corporate governance and, if so, include any information that it is obliged to provide that is different from that required in this report.

3. The Company may also indicate whether it has voluntarily adhered to other international, sectoral or other codes of ethical principles or good practice. If applicable, the code in question and the date of adhesion shall be specified. In particular, it will mention whether it has adhered to the Code of Good Tax Practices of 20 July 2010.

### VOLUNTARY ADHERENCE TO CODES OR GOOD PRACTICES:

Since 2018, FCC has had a new Code of Ethics and Conduct approved by its Board of Directors. Likewise, in 2018, the Board of Directors approved a regulatory section on Compliance and a Group-wide risk control system. In 2019, the Board of Directors slightly updated the Group's Code of Ethics and Conduct.

The FCC Group provides its employees with an Whistleblowing Channel for reporting possible breaches of its Code of Ethics and Conduct and criminal offences.

FCC has been a member of the United Nations Global Compact since 7 May 2007.

Regarding tax matters, on 28 July 2010 the Board of Directors of FCC adopted the decision to adhere to the Code of Good Tax Practices, thereby effectively complying with the obligations arising from it each year.

This annual corporate governance report was approved by the company's Board of Directors at its meeting on 27 February 2020.

Indicate whether any directors voted against or abstained from voting on the approval of this Report.

Yes

No

Name or company name of the director who voted against the approval of this report	Reasons (against, abstention, non-attendance)	Explain the reasons

Remarks