CORPORATE SOCIAL RESPONSIBILITY REPORT

2010

FCC
Citizen Services

CONTENTS

INTRODUCTION

FCC is a group that uses its assets and services in accordance with its mission and its vision, helping to create environments that make life easier, more comfortable and healthier for citizens, environments that, in short, answer our collective wish for more-sustainable development. The company's contribution to the creation of sustainable communities rests on the commitment made by FCC's shareholders, on the company's technical capabilities, on efficient resource management, on the performance of FCC's professionals and on FCC's own strategic decision to make sustainable development the driving force behind the group's businesses. The company's orientation toward citizens and sustainable communities springs from FCC's principles, attitudes and corporate values, which permeate its corporate responsibility strategy, as defined by the company's senior management and approved by its board of directors.

In 2010 FCC finished executing Plan 10, the strategic plan that enshrined corporate responsibility and good governance amongst the company's top-priority lines of action. That same year, FCC also wound up the 2009-2010 Corporate Social Responsibility Master Plan, which has now been carried out in full. The CSR Master Plan mapped out lines of action oriented toward making progress in good governance, human resources, community action, environmental sustainability and innovation.

The company is now deeply involved in defining a new CSR Master Plan, which will set the company's objectives and actions for the 2011-2013 period. The plan's basic core will be the repositioning of the group with the concept of citizen services at its heart. The design of the new plan, aligned with the mission, vision and values of the FCC Group, starts with the principle of materiality, training the focus on what is truly important to the recipients of the company's services, namely, citizens.

The group feels that introducing and developing corporate responsibility throughout the organisation requires a stable organisational structure led by senior management and committed to the development of operations in the different business activities that make up FCC's portfolio. Corporate responsibility policies and actions in the company are coordinated and driven forward by the management office created for that purpose, part of the Corporate Management Office for Communication and Corporate Responsibility (which sits on the Steering Committee and reports directly to the chairman and managing director). The coordination of corporate policies and policies emanating from the business units, divisions and areas that make up the group is handled by the Corporate Responsibility Committee, where all these components of the group are represented. The policies, master plans and progress reports on CSR actions are submitted to the Board of Directors for supervision, in line with the responsibility the board has assumed in the realm of corporate responsibility.

INTERVIEW WITH BALDOMERO FALCONES,
CHAIRMAN AND MANAGING DIRECTOR OF THE FCC GROUP

What is the FCC Group's new focus on social responsibility?

I'd like to start by emphasising that our group is hugely diversified in terms of the places where we do business as well as the kinds of business we do. Infrastructure activities coexist in the FCC Group with activities having to do with end-to-end water management and activities in environmental and city services. And we are just as likely to be doing all these activities in international settings as in Spain. Our diversification of activities and locations, which we feel is optimum for the creation of long-term value for shareholders, poses some difficulties in terms of defining lines of work in corporate responsibility. This is because our business areas are very dissimilar, and therefore the really significant corporate responsibility issues are also very different for each business area. Although there are some common patterns, like the concept of sustainable activity, environmental friendliness and our commitment to the communities in which we work, social responsibility has different applications for, say, aqualia, FCC Construcción and FCC Servicios.

During 2010 we in the FCC Group spent some time thinking about what

identifying trait we should use as the cornerstone of our company's commitment to corporate responsibility and sustainable development. We finally concluded that we're a citizen service company. That is the common thread that runs through all the FCC Group's activities. Our company helps create environments that make life easier, more comfortable and healthier for citizens, environments that, in short, answer our collective wish for more-sustainable development. The company's contribution to the creation of sustainable communities rests on the company's technical capabilities, on efficient resource management, on the finest professionals to be found on the market and on our strategic decision to make sustainable development and corporate responsibility the driving force behind our business.

The idea of the FCC Group as a citizen service company is the framing idea that surrounds all our commitments, policies and actions in corporate responsibility matters. We said so in the FCC Group's CSR Master Plan, which we finished up in 2010, and we will say it again in the next master plan, which will define our company's CSR action for 2011 to 2013.

In addition, FCC has an advantage that helps make us international standard-setters in CSR, and that's the fact that our leading shareholder is Esther Koplowitz, who is especially sensitive to the company's socially responsible focus.

Two thousand and ten was a rough year, macroeconomically speaking. What are FCC's expectations for 2011 and the next few years after that?

I think nobody has failed to notice that 2010 was a tough year. The international economic context, both macroeconomically and microeconomically, remained very uncertain and leery of the future. In places like Spain, one of our primary markets, the economic crisis is ushering in social consequences that can only be described as tragic. Unemployment figures for 2010 hit simply unheard-of heights. Let's not forget that behind the statistics there are people and families having a hard time of it and lifelong plans that are crumbling. A huge percentage of Spanish youth, on whose shoulders the country's future rests, have got no job. I think this is something those of us who hold positions of responsibility in the private sector must not forget. Companies like ours must send society signs showing that we share their concern and that we're part of the solution, not the problem, that we're facing social challenges with them. In fact, FCC is one of the companies that has maintained the highest number of jobs in Spain. That's a position for us to behave responsibly in, in these hard times.

As far as the FCC Group is concerned, we've got satisfactory results to report. Because of our company's reputation, which rests on more than a hundred years of doing things right, combined with our financial strength and our capable, painstaking staff, we have found the way to get through the difficulties of the last few years and manoeuvre ourselves into a good position from which to face economic recovery and the return to growth that will take place in the upcoming fiscal years. We're optimistic, because I believe we have a future-oriented, international model of business and management. In the long term, there

are macro trends blowing in favour of the FCC Group's business model. The population is growing, and it's becoming increasingly urban; these tendencies offer huge opportunities for growth for a company like ours, which is hinging its business on the idea of rendering citizens services that answer the collective wish for more-sustainable development. The worldwide demand for infrastructure, services and renewable energy (sectors on which FCC concentrates) is enormous and inexhaustible. Our vision is to orient the group's best capabilities in order to seize the opportunities for profitable growth that are being generated in these three areas of activity.

Climate change, rising fuel prices, increasingly expensive raw materials, increasingly frequent natural disasters... What's FCC's response to these developments?

First of all, I'd like to send a message of optimism about how things are going on this planet of ours. If we look back just a hundred years, three generations, we find our life expectancy has increased enormously in overall terms. Infant mortality, the disease rate, illiteracy and, to put it in a nutshell, the problems associated with extreme poverty are shrinking in the immense majority of nations. I don't mean to say we ought to forget about the problems that do persist; there are still tremendous problems that constitute a tremendous challenge for our societies, and we should all feel it is our responsibility to solve them. I just want to point out that we are doing some things right, that societies do make progress and that problems, although still quite severe, can be solved. Here I'd like to draw everybody's attention to the value of education, which is the real fulcrum of development for any society. We have to invest more in education, not just in the poor countries and the developing countries, but in the more-consolidated economies as well.

There is another fundamental sign of progress, and that's all societies' growing sensitivity to the importance of ensuring sustainable behaviour, the importance

of preserving biodiversity and natural resources.

While we're on the subject of the environment, I would like to say that we are now facing an environmental problem greater than any we have ever faced before. A solid scientific consensus indicates that climate change, as a result of the growing concentration of CO_2 in the atmosphere, is a fact. And it is also a fact, the insurance companies say, that there are more and more extreme weather events happening each year as a consequence of climate change.

We at the FCC Group want to be part of the solution to the global concern over climate change. Because of our commitments and policies in this matter, as a group and in our different business areas, year after year we are making the footprint we leave on the climate smaller. Every year we are becoming more efficient and innovative, and as a result every year we're able to bring down our greenhouse gas emissions.

What's more, we believe there are some terrific opportunities involved in the possibility of bringing out products and services that offer the extra added value of helping combat the problem of climate change. That is why our company is making a considerable effort in RDI to find solutions that are more efficient, are more environmentally friendly and do more to contribute to our joint effort against climate change.

Our vehicle fleet, for instance, is becoming more and more ecological. In 2010 we continued adding hybrid and electrical vehicles, and we replaced traditional vehicles with others that run on natural gas and are thus better for the environment.

I'd also like to highlight the role being played by FCC Energía, our most recently organised business division, which particularly works in the areas of renewable energy, cogeneration, energy efficiency and the application of new technologies for generating energy from waste.

I should also mention the innovation policy of the Cementos Portland Valderrivas Group. I would go so far as to say that its practices in regard to climate change are on a par with those of the world's most-advanced companies. In addition, Cementos Portland Valderrivas is ensuring the future by rolling out products that are innovative and most of all more efficient, in operational terms as well as economic and environmental terms.

The FCC Group has more than 90,000 employees in 54 countries. How does FCC manage diversity on that kind of scale?

The FCC Group has become the company it is today thanks to the effort, the commitment, the capability and the devotion of its employees. And we're thoroughly aware that only with the finest people will we be able to reach the ambitious objectives we've set for ourselves. That's why making the FCC Group a better company to work for every day is not just a desirable goal; for us it's a number-one strategic objective. Whether our company ever hits the two-hundred-year mark will depend most of all on how good our team is, as professionals and as human beings.

Our company has a strategic plan for human resources. The plan's objectives are defined around the idea of making us into a pacesetter in terms of personnel management, accentuating talent attraction and retention, knowledge management, career development and equal opportunities.

At a company the size of ours, it's crucial to have clear policies and procedures so that people understand what the company expects of them and what they can expect from the company. And it's crucial to reconcile that with all due flexibility, in order to get the most out of our size and the different skills of our people and to seize opportunities for achieving efficiencies. In this sense, I believe diversity and equal opportunities are one of our company's strengths, a key to generating synergies amongst our different businesses and activities.

They are two things we try to strengthen through actions tailored to our different business divisions.

For us it's very important for all our employees to know at all times where we're going, what the big challenges are and what's expected of each of us. I see information as something the people in the company are entitled to, and accordingly we are making a big effort in internal communication to keep people informed, facilitate participation and motivate everybody who is contributing their personal and professional best to the development of FCC. One thing we're doing to implement this policy is to keep channels of information, suggestions and complaints open so employees will have ways to get their ideas, opinions and suggestions upstream, too.

How do you think markets see FCC?

I think we're seen as a highly professional company with enormous technical capability, a company that can take on complex challenges, a company that makes one of its hallmarks its commitment to society, embodied in the idea of citizen services.

The market speaks as to the FCC Group's performance in honouring its commitment. The FCC Group is listed on the Dow Jones Sustainability Index. This is a selective index whose component companies must prove good practice in issues such as corporate governance, climate change management, human capital development and social commitment. In addition, Sustainable Asset Management, the agency whose ratings help put the index together, singled out the FCC Group as a Silver Class undertaking, which accredits FCC as one of the finest companies in its sector in this respect. We are also listed on the FTSE4good and the FTSE Ibex 35, two other highly reputed stock market indices that look at companies in terms of their corporate responsibility performance.

This kind of recognition from outside the company confirms that we are on the right track and encourages us to continue along the same path. I would also like to highlight our commitment to the ten principles of the United Nations Global Compact and the fact that we are working on extending that commitment to our supply chain.

Of course, these indices speak formally for our commitment to the natural and social environment; but, indices aside, all our activities are oriented toward what we call "daily sustainability", the kind of sustainability that enables us to share our principles and values with the socially responsible behaviour of our shareholders, clients, employees, suppliers and, of course, all the citizens in whose communities we provide services.
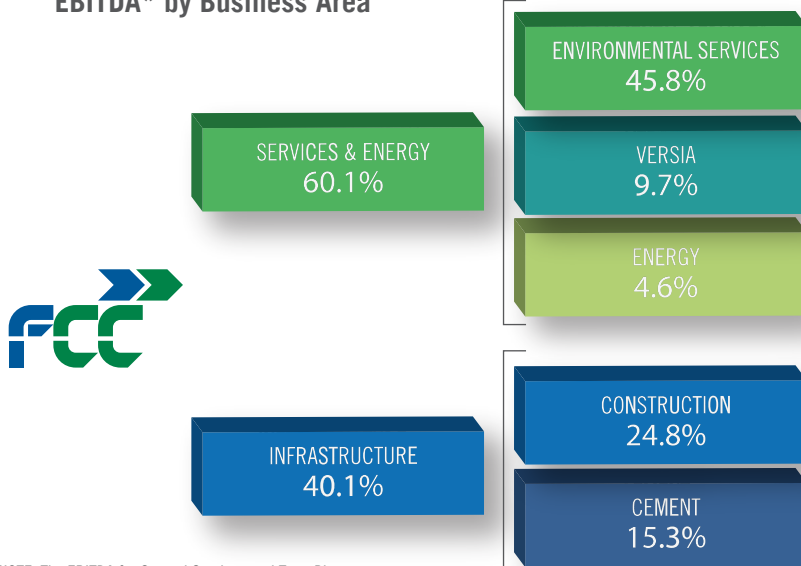
Baldomero Falcones Jaquotot
Chairman and Managing Director

FCC IN FIGURES

SPAIN
No. 1 in environmental services
No. 2 in infrastructure construction

FCC

One of the world's top ten

GVI GLOBALVIA INFRAESTRUCTURAS

FCC ambito

No. 1 in industrial waste
management on the Iberian
Peninsula and No. 2 in the USA

PROACTIVA MEDIO AMBIENTE

No. 1 in waste and end-to-end
water management in Latin America

EBITDA* by Business Area

FCC

SERVICES & ENERGY
60.1%

ENVIRONMENTAL SERVICES
45.8%

VERSIA
9.7%

ENERGY
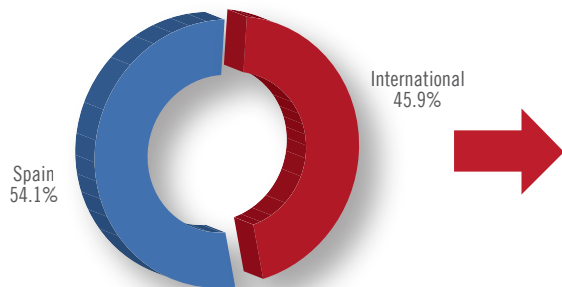4.6%

INFRASTRUCTURE
40.1%

CONSTRUCTION
24.8%

CEMENT
15.3%

NOTE: The EBITDA for Central Services and Torre Picasso
amounts to (-0.2%) of the total.
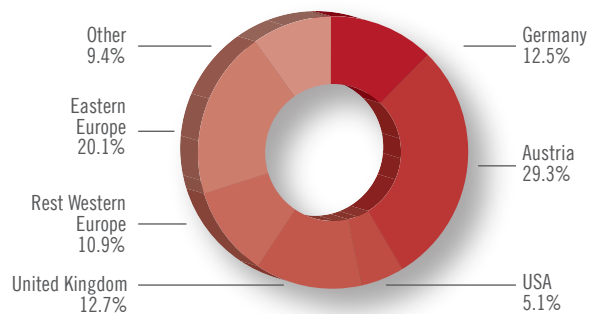
* The EBITDA amounted to 1,434.6 million euro in 2010.

waste recycling GROUP

UNITED KINGDOM
No. 1 in waste disposal

ALPINE — No. 2 in infrastructure construction in Austria and one of the first in eastern Europe

·A·S·A· — No. 1 in waste management in Austria and eastern Europe

aqualia — No. 2 in water management in Spain and No. 4 in the world

No. 1 in the Spanish cement market

Revenue Percentage by Geographic Area

International 45.9%

Spain 54.1%

The FCC Group earned 12,114.2 million euro in revenues in 2010.

Breakdown of International Revenue

Other 9.4%

Germany 12.5%

Eastern Europe 20.1%

Austria 29.3%

Rest Western Europe 10.9%

United Kingdom 12.7%

USA 5.1%

SERVICES

FCC MEDIO AMBIENTE

FCC Medio Ambiente renders city sanitation services, which include waste collection, street cleaning, household waste transport and treatment, and park and garden maintenance and upkeep. It is the leader in its sector in Spain, and it is one of the biggest operators in Latin America, the United Kingdom, Austria, Portugal, Egypt and eastern European countries including the Czech Republic, Slovakia, Hungary, Poland, Romania, Bulgaria and Serbia. It provides services for more than 50 million citizens.

Since 2007 FCC Medio Ambiente has had electrical and hybrid service vehicles in its fleet.

FCC Medio Ambiente's turnover in 2010 was 2,523 million euro.

FCC ambito

FCC Ámbito is in the field of full-service industrial waste management, industrial cleaning, soil decontamination and outsourced response to accidents, spills, discharges, etc.

FCC Ámbito is the current Spanish market leader in industrial waste treatment. It manages more than 800,000 tons of industrial waste per year in its own plants and is the authorised manager for each such facility. On the international scene, it can be found in countries such as the United States, Portugal and Italy.

One of FCC Ámbito's biggest projects in 2010 involved the decontamination of Flix Reservoir in Tarragona. No other job awarded in Europe to date surpasses the Flix decontamination project in breadth of scope. FCC treated and decontaminated one million tons of soil.

FCC Ámbito's turnover in 2010 was in excess of 280 million euro.

FCC versia, s.a.

FCC Versia is the cluster of FCC Group companies that do business fundamentally in the areas of logistics, airport handling, urban furniture, car parks, upkeep and systems, passenger transport and industrial vehicle sales.

Versia's turnover in 2010 was 846 million euro.

aqualia

aqualia is the umbrella firm that heads up the FCC Group companies in end-to-end water cycle management. It offers solutions for the entire water cycle, regardless of whether the water will ultimately be used in homes, on farms or in industry. aqualia's main areas of action involve public water supply service management, solutions for water use in industry and treatment plant design and construction.

aqualia can be found in more than 1,100 cities and towns, and it provides services for more than 27 million people. Portugal, Algeria, Italy, the Czech Republic, Mexico and China are just some of the countries where aqualia can be found.

aqualia's turnover in 2010 was 868 million euro.

FCC CONSTRUCCION

FCC Construcción is the head of a set of firms whose work deals with activities in the construction sector. These activities primarily include civil engineering, building, refurbishment and concessions, plus other engineering activities, such as infrastructure maintenance.

Internationally FCC Construcción works fundamentally in Europe, through local subsidiaries. Outside the EU most of its business is done in America, with some stand-alone jobs in Asia.

FCC Construcción's turnover in 2010 was 6,694 million euro.

INFRASTRUCTURE

CEMENTOS PORTLAND VALDERRIVAS
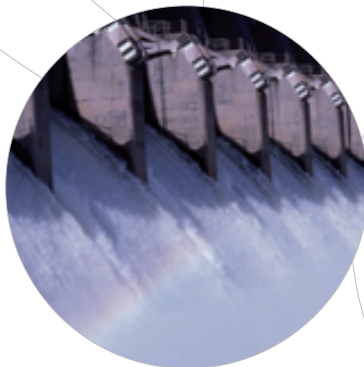
FCC is the biggest shareholder in Cementos Portland Valderrivas, the leading cement-making group funded by Spanish capital. Its activities focus on manufacturing cement and concrete and producing aggregates and mortar.

Cementos Portland Valderrivas owns eight cement plants in Spain. Its concrete division runs another 90 plants, and its mortar division boasts 19 production facilities. Lastly, in the aggregate division (which specialises in operating gravel pits and quarries), there are 30 production plants in operation.

In the United States, Cementos Portland Valderrivas owns three cement factories (in Pennsylvania, South Carolina and Maine) and ten concrete plants. The group also does business in Tunisia, where it has one cement plant and five concrete plants.

Cementos Portland Valderrivas' turnover in 2010 was 886 million euro.

ENERGY

FCC ENERGÍA

FCC Energía implements projects in the fields of renewable energy, energy efficiency, cogeneration and energy from waste (EfW).

At present it has 14 wind farms in Spain, which create 420.7 MW of electricity. FCC Energía also has wind farms under development that are estimated to be capable of eventually providing 45 MW (They are expected to become operational in 2011), two photovoltaic farms producing 20 MW and one EfW plant.

FCC Energía's turnover in 2010 was 86 million euro.

ECONOMIC LANDMARKS

◎ 12,114 million euro in turnover.

◎ 301 million euro in profits, 1.8% more than in 2009.

◎ Contract backlog worth 35,309 million, equivalent to nearly three years' turnover.

◎ 1.43 euro in gross dividends per share, paying returns at 7.27% per share at the close of fiscal 2010.

◎ FCC Construcción, acting alone or in partnerships with other firms, winner of more than 3,100 million euro in railroad construction contracts.

◎ 45.9% of revenue earned by international business.

◎ aqualia increased its project portfolio to nearly 13,000 million euro, 5% more than the year before.

◎ FCC reported more than 1,400 million euro in contract backlog in Panama, a sign of its strong international expansion.

◎ 86.6% of the group's activities certified as compliant with ISO 9001.

◎ 11 million euro invested in RDI projects.

◎ FCC listed on the foremost international indices of socially responsible investment, the Dow Jones Sustainability Index and the FTSE4Good.

◎ Over 2,187 million euro spent on procurement.

CORPORATE LANDMARKS

◎ 90,013 people work at FCC in 54 countries.

◎ 858,529 hours of training provided for FCC personnel.

◎ 6.2 million euro invested in community action.

◎ More than 15 million euro invested in training.

◎ 1,042 people with some degree of disability working for FCC.

◎ Agreement with the ONCE Foundation to hire 150 disabled persons over the next three years.

- Agreement with the Spanish Ministry of Health to facilitate the occupational integration of women who are victims of gender violence.

- The FCC Volunteers programme, winner of the 2010 Ciudadanos Award.

- Development of equality plans in a large proportion of the group's companies.

- Certification under OHSAS 18001 for 196 group firms, 64% of the company's activities.

ENVIRONMENTAL LANDMARKS

- Reduction of CO_2 emissions by 1.4% since 2009, to a total of 16,031,632 t CO_2eq.

- NO_x emissions down 32% to 24,452 tons.

- 58% fewer SO_2 emissions, a total of 14,576 tons.

- 489,620 tons of CO_2 emissions avoided thanks to the 691 MW of renewable energy-generating capacity installed.

- 74% of FCC's activities certified as compliant with ISO 14001.

- 7,481,378 m² of quarry land restored by Cementos Portland Valderrivas since it went into business.

- Alliance between FCC and Mitsui for the development and promotion of solar thermal energy in Spain.

- Torre Picasso, Madrid's first skyscraper to install recharging stations for electrical vehicles.

- Platts' Award of Excellence conferred in New York for FCC's small electric rubbish collection vehicle designed to go where larger vehicles cannot.

A COMPANY ORIENTED TOWARD CITIZEN SERVICES

Over the next few decades, the number of this planet's inhabitants will increase significantly. In addition, the world will become more and more urban. Population will continue to do as it has been doing for the last few decades, clustering in cities, especially in emerging and developing countries. Both of these developments will put increasing pressure on infrastructure and the basic services urban populations need, especially transportation, water and power distribution, sanitation, waste management and cleaning.

At present the FCC Group's activities concentrate on water, services, construction and energy. In the water business, the company manages the entire water cycle end to end; in services, it focuses on managing urban and industrial waste; in infrastructure, it specialises in implementing major civil engineering projects; and lastly, in energy, the group works in the field of renewable power sources. The one concept that reflects the company's calling to serve society in all these activities is "citizen services".

"Citizen services" means putting the spotlight on the citizen, the end consumer of all the company's activities and projects, and it means sharing citizens' readiness to contribute to the creation of socially and environmentally sustainable communities.

The citizen service concept also shows how committed the group is to weaving sustainable development and corporate responsibility into its business strategy and its way of doing business. In this sense, the company feels it is the FCC Group's responsibility also to help make citizens aware of the importance of sustainable development, so they can understand that sustainable development will be the key factor in societies' prosperity and development over the next few decades.

By repositioning its component divisions to focus on the concept of citizen services, the FCC Group aims to stay at least one jump ahead of the future. FCC knows that the success of the company and its businesses depends on staying ahead of the changes happening in the societies the company serves.

"You don't want city development to be based on the short-term view, with the initial price tag on things as the only factor. You've got to look at things in the longer run, considering all the possible alternatives".

Ricardo Landaluce, architect

"The best ambassadors a company can have are its employees. That's why, if FCC is for education in citizenship, it has to start with its own employees. They are what makes or breaks a company's image".

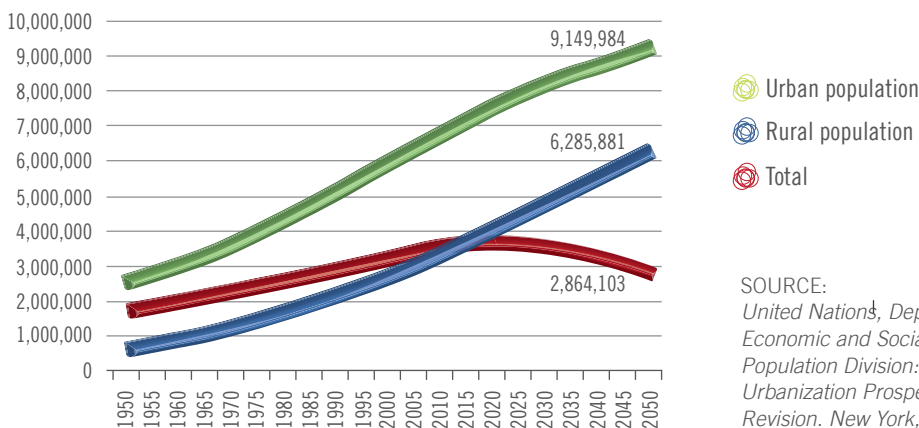**Ana Medina, journalist for Expansión**

The Cities of Tomorrow

The FCC Group's vision revolves around citizens and around the trend toward increasingly important, increasingly large urban populations. Cities, the ultimate urban settlements, will hold centre stage this century, just as they have in the developed world for the last few decades.

A Growing Urban Population

In 2011 the world population will hit the 7,000 million mark. In 60 years' time, it has nearly tripled. In the next 40 years, the number of the planet's inhabitants is expected to reach a high of 9,000 million people before beginning a gentle decline.

Urban Population vs. Rural Population (thousands of people)

Legend:
- Urban population
- Rural population
- Total

Chart values shown: 9,149,984; 6,285,881; 2,864,103

Y-axis: 0 to 10,000,000 (in 1,000,000 increments)
X-axis: 1950, 1955, 1960, 1965, 1970, 1975, 1980, 1985, 1990, 1995, 2000, 2005, 2010, 2015, 2020, 2025, 2030, 2035, 2040, 2045, 2050

SOURCE:
United Nations, Department of Economic and Social Affairs, Population Division: World Urbanization Prospects, The 2009 Revision. New York, 2010.
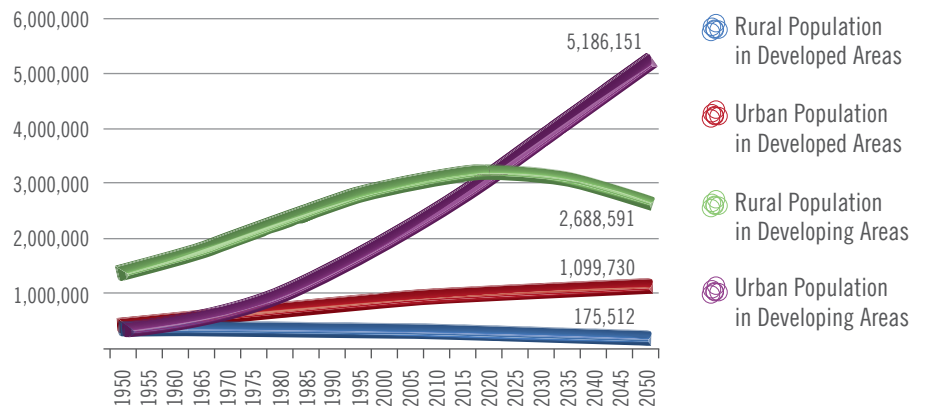
SUSTAINABLE CITIES

Population distribution will not be uniform. In the past the majority of the world's population was rural. Today there are approximately equal numbers living in cities and the country. Forecasts indicate that by 2050 more than two-thirds of the world population will be living in cities, fundamentally as a consequence of migrations that will be occurring in emerging and developing countries. This trend will spark major growth in the demand for infrastructure and urban services.

Cities offer greater opportunities of employment, and services for city dwellers are generally better than the services available in rural areas. Both of these factors act to draw people in. Urban areas will thus be absorbing a good portion of the demographic growth anticipated for the next few decades. The world will become increasingly urban and less rural.

Urban Population vs. Rural Population by Area (thousands of people)

- Rural Population in Developed Areas
- Urban Population in Developed Areas
- Rural Population in Developing Areas
- Urban Population in Developing Areas

5,186,151
2,688,591
1,099,730
175,512

The rise of cities will be reflected not only in demographic terms, but also in economic terms. Right now the 600 biggest cities in the world hold 20% of the population but generate 60% of the global GDP. According to experts, the concentration of wealth in cities will continue to intensify over the next few decades.

An Older and Older Population

Over the next few decades there will be an additional development that will considerably influence the services cities will have to offer their citizens. The lengthening of life expectancies, amongst other factors, will result in a gradual ageing of the population.

Population Over Age 60
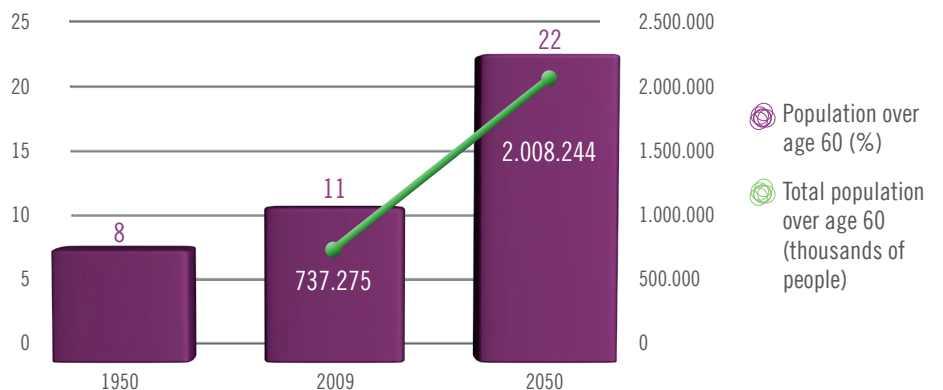
- Population over age 60 (%)
- Total population over age 60 (thousands of people)

8
11 — 737.275
22 — 2.008.244

Source:
United Nations, Department of Economic and Social Affairs, Population Division: World Population Ageing 2009. New York, 2010.

The reduction in the fertility rate (the number of children per woman) and the lengthening of life expectancies are the cause of the ageing that has been observed in the population since the middle of last century.[1]

Forecasts indicate that this phenomenon will gain speed in the near future. Since 1950 the percentage of people over 60 years old has tripled, and this is happening in developed countries and developing countries alike. The trend seems unstoppable, since the rate of growth of the general population is considerably lower than the rate of growth of the population over age 60.

This change in the population pyramid has a heavy impact on the political, social and economic structures of our societies. It also has a considerable impact from the standpoint of the type and features of the urban services that will have to be provided for an increasingly urban, increasingly elderly population.

A Future of Challenges for Cities

In order to be hubs of development, prosperity and wellbeing, the cities of tomorrow must find a way to deal with the challenges posed by the demographic, economic, social and environmental changes our society is experiencing.

Cities Are Talent Magnets
Prosperity depends more and more on knowledge and talent nowadays, and cities have to be able to develop, attract and keep people who have these important qualities. They will have to compete with other cities in their endeavour. The quality of public services, environmental friendliness and the creation of channels of dialogue and participation enabling citizens to take part in public decision-making processes

will be critical factors in cities' success stories. Innovation in this realm will be one of the things that make a difference.

Cities are facing daunting challenges, too. Just as a city is a focus of wellbeing, it also spawns pockets of poverty and social exclusion, as well as thorny environmental problems. The search for innovative, imaginative, sustainable solutions that help solve cities' social and environmental problems will also reveal major opportunities in innovation for urban communities and the companies that provide their services, like the FCC Group.

[1] UN, World Population Ageing 2009.

SUSTAINABLE CITIES

More-Efficient, More-Transparent Administration

According to forecasts, 80% of the world population will live in cities by the year 2050. City administrators then, as they do today, will manage huge amounts of resources. An increasingly educated population will require the administration to attain ever-higher levels of efficiency, transparency and responsibility in the management of those resources. Transparency, dialogue and citizen participation in decision making will be some of the traits of well-managed public city affairs. Society will require city administrators to set an example in all these issues, and that exigency will extend to the companies that work for citizens.

Public/private partnerships will be a telling instrument. The changes we expect in population structure could happen within a context of dwindling public revenue; alternatively, at the very least citizens will look more closely at how public revenue is used, as their fiscal awareness grows in step with their quality of life. That is why public administrations will be forced to find new kinds of financing through public/private partnerships to enable them to respond satisfactorily to citizens' needs.

Environmental Excellence, Part of What Makes a City Attractive

Environmental preservation will also become an increasingly important factor for citizens' wellbeing. Every day people are becoming more aware of the link between sustainable development and health and the importance of having a clean, safe environment with the necessary parks and recreation areas. There are other weighty matters, too, such as the management of air pollution and the treatment of the waste citizens create. Energy efficiency is yet another vital ingredient in a healthful urban environment. Citizen awareness is where finding an effective solution to these challenges starts, so citizen awareness is something that companies and public administrations must work on together.

EU Waste Creation Forecast

kg per capita

Legend: Recycling, Incineration, Landfill
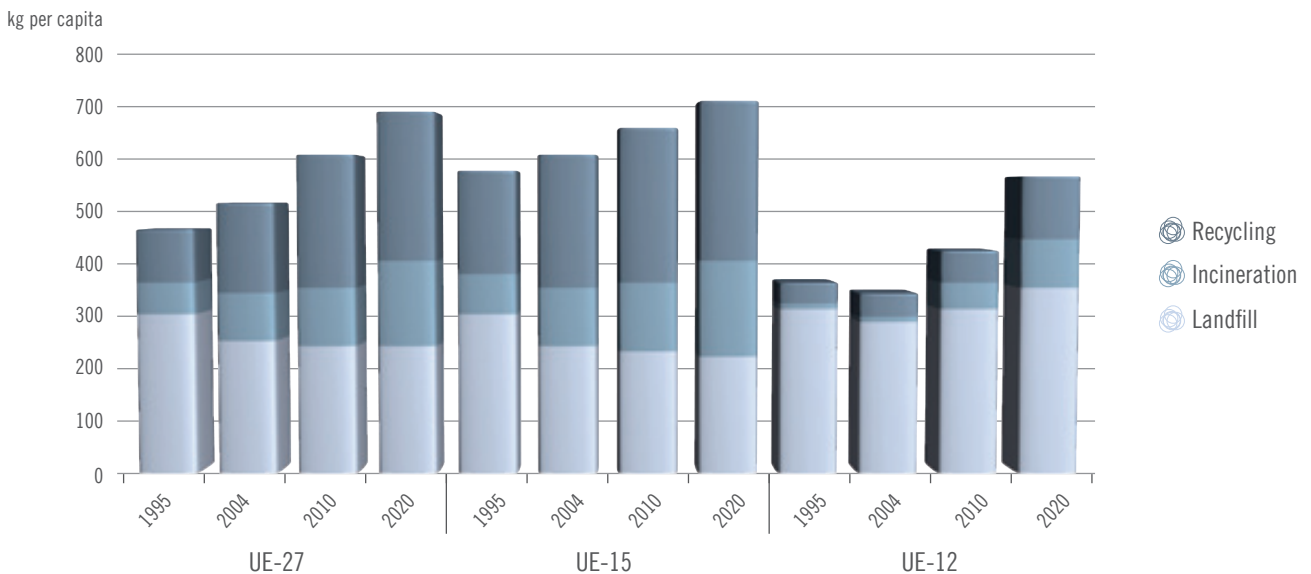
Source: Eurostat and ETC/RWM.

FCC Corporate Social Responsability

The integration of renewable energies in cities, bioclimatic architecture, energy recovery and recycling will also be key for making cities' environmental quality optimum. Reducing greenhouse gas emissions will be a high-priority objective, just as it is in the private sector.

Intensity of Emissions (kg CO_2eq/$US)

USA
UE
China
India
World average
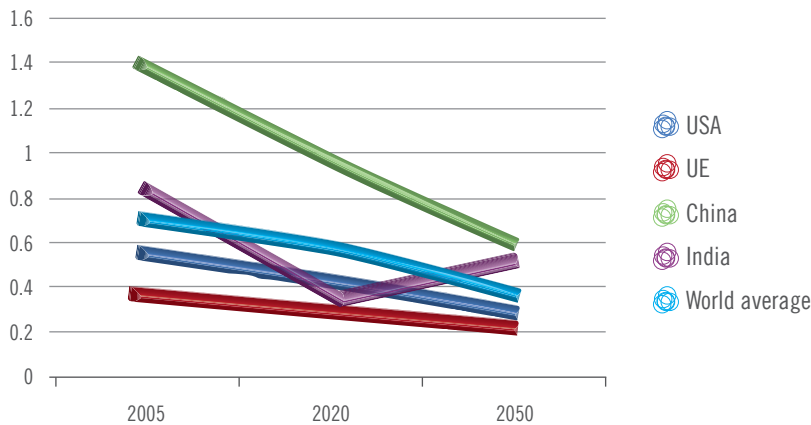
Source: Australian Government Treasury.

Emissions per Capita (t CO_2eq/year)

USA
UE
China
India
World average
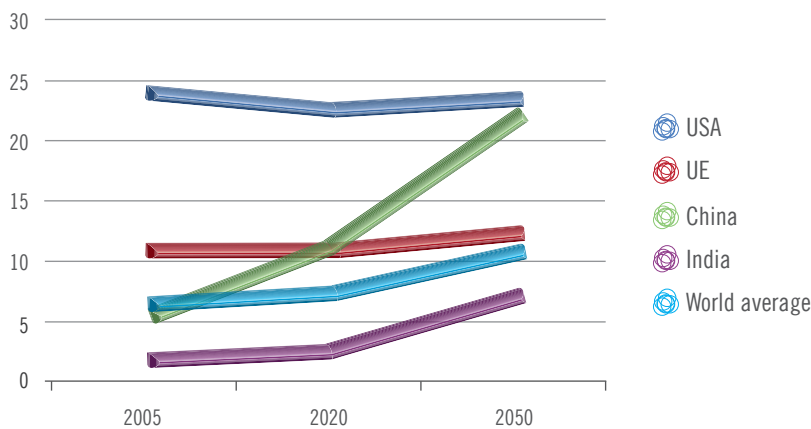
Source: Australian Government Treasury.

Another vital issue for cities will be their ability to offer their citizens efficient, sustainable public transport. Demographic growth in cities will mean growth in surface area as well, which will require the expansion of transport systems in a way designed to optimise travel. The volume of city traffic and the transport sector's energy consumption will continue to increase. Good city planning, fostering of the use of public transport and widespread use of less-polluting vehicles stand out as some of the more-important challenges that must be faced by those cities that want to be sustainable.
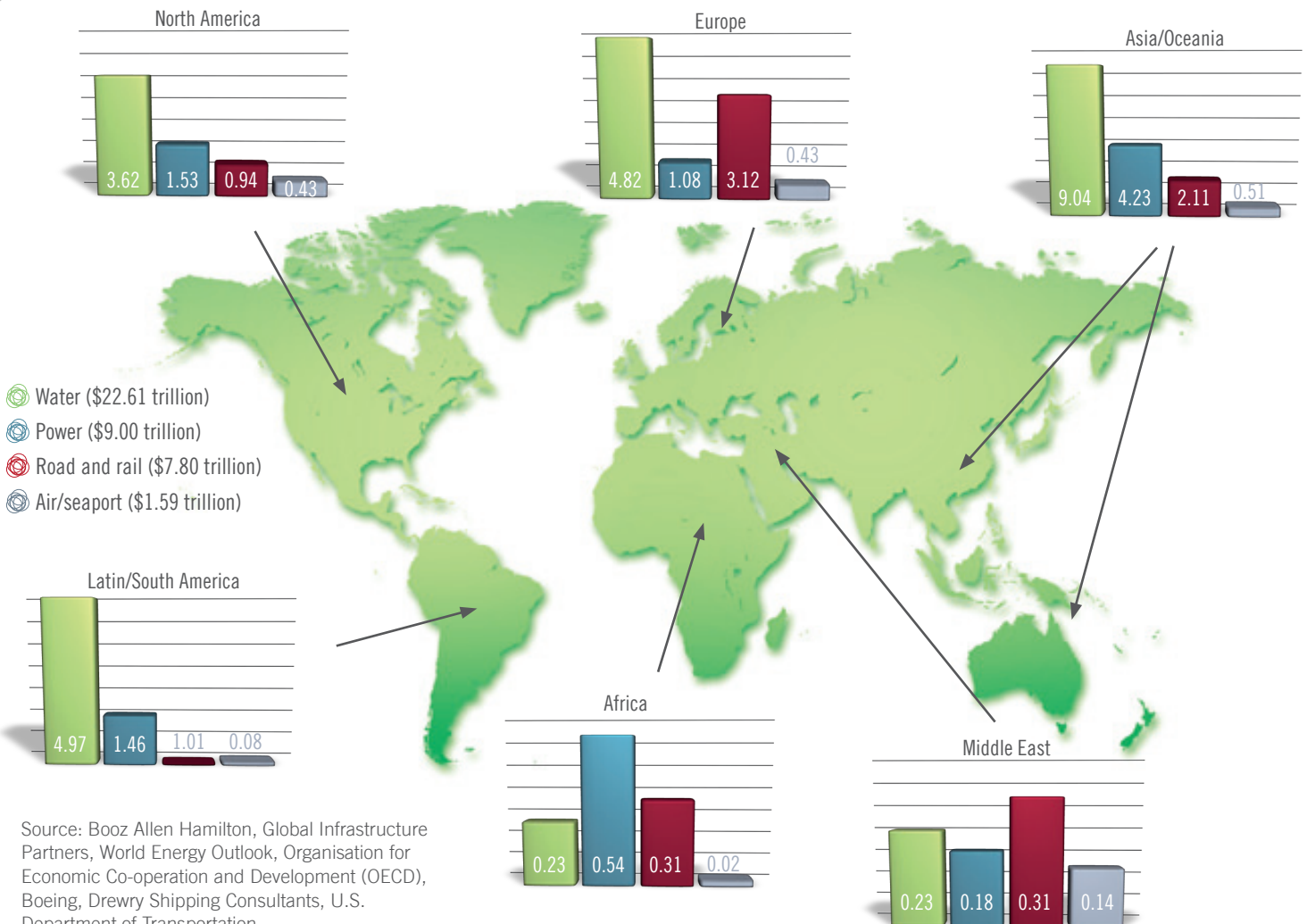
Infrastructure That Makes Life Easier
Because of strong demographic growth, cities will be facing the challenge of how to tend to the needs of a growing number of people. Transport, sanitation, waste management and housing will be factors that will pose a major challenge. In short, infrastructure will continue to be the foundation of economic development for cities.

Investment in transport infrastructure, energy distribution infrastructure, telecommunications infrastructure and water treatment and distribution infrastructure will be key for improving not only the quality of life of citizens, but also the productivity of the private sector. Experts believe the demand for infrastructure will put enormous pressure on cities to find new ways of developing and financing their roads and social and cultural services. To achieve this, they must find new solutions, models and ways of working with third parties that will enable cities to offer sustainable, efficient, profitable infrastructure.

Available forecasts indicate that between 2005 and 2030 41 billion (million million) dollars will be needed to invest in the development of the water, energy and transport infrastructure necessary to satisfy the worldwide demand for basic services. A sizeable share of that investment must go to cities.

Anticipated Expenditure on Infrastructure (2005 – 2030)

North America
3.62 | 1.53 | 0.94 | 0.43

Europe
4.82 | 1.08 | 3.12 | 0.43

Asia/Oceania
9.04 | 4.23 | 2.11 | 0.51

- ◎ Water ($22.61 trillion)
- ◎ Power ($9.00 trillion)
- ◎ Road and rail ($7.80 trillion)
- ◎ Air/seaport ($1.59 trillion)

Latin/South America
4.97 | 1.46 | 1.01 | 0.08

Africa
0.23 | 0.54 | 0.31 | 0.02

Middle East
0.23 | 0.18 | 0.31 | 0.14

Source: Booz Allen Hamilton, Global Infrastructure Partners, World Energy Outlook, Organisation for Economic Co-operation and Development (OECD), Boeing, Drewry Shipping Consultants, U.S. Department of Transportation.

New Financing Models

Changes in the population pyramid will place stress on sources of income, leading to increased budgetary pressure on cities, which must provide their citizens with public services of ever-higher quality, paid for with perhaps shrinking revenues. For this reason it will become more and more common for the public sector and the private sector to work together to define and provide services. Local and regional governments must find ways to take advantage of the private sector's ability to innovate and apply criteria of economic and environmental efficiency.

The FCC Group's Vision: Closeness to Citizens

FCC is a diversified group that earns 45% of its turnover in international markets. The group's activities fall fundamentally into three areas: services, infrastructure and energy.

There are a great number of challenges in the future of cities, but there are also some terrific business opportunities. The FCC Group, as a citizen service company, is striving to respond to the challenges and seize the opportunities.

As discussed before, the cities of the future will face a series of pressing challenges. Their response is and will be the fundamental line of work for FCC, a group that has the necessary technical abilities and innovation capacity for:

◎ Good management of water resources throughout the entire water cycle.

◎ Efficient use of fossil fuels and encouragement of the use of renewable energy.

◎ Management of household and industrial waste.

◎ Development of smart urban systems to accommodate population growth.

◎ Introduction of solutions for increased accessibility in response to the ageing of the population.

◎ Widespread introduction of means of transport that are more efficient and more environmentally friendly.

"Sustainable development" in cities also means making buildings, communities and services more efficient. To do that, new products, services, technologies, systems and models will have to be developed that can offer more quality of life whilst consuming smaller amounts of resources such as water and energy.

These business opportunities form an essential part of the FCC Group's strategy. The company aims to pioneer the development of a sustainable kind of city and to grow and become more helpful in the realms of infrastructure, environmental services and renewable energy.

STRATEGY AND GOVERNANCE

① Seizing Opportunities in a Changing World

The international economic situation in 2010 remained plagued by the uncertainty that has been haunting markets since 2007, although some regions important to the company did enjoy their first signs of recovery.

The FCC Group's activities were not immune to the economic context. Nevertheless, strict management plus the strength of its different business divisions enabled the company to meet its objectives in an environment not unhampered by difficulties.

Global patterns of demographic growth and concentration in urban areas will cause a heightening demand for infrastructure, environmental services and energy. The FCC Group feels that the group's strengths, based on its extensive diversification by geographical area and by sectors, its highly qualified, highly responsible staff, its technological know-how and its leadership in social responsibility place it in an unparalleled situation for seizing the opportunities of sustainable development.

In this sense, the group's strategic priorities will focus on consolidating the leading positions it has won in its primary markets; taking advantage of the opportunities created in fast-growing core businesses; leveraging its strategic position in cyclic sectors; actively managing its business backlog; enhancing the company's efficiency; and lastly seizing the competitive advantages produced by the group's commitment to sustainability and corporate responsibility.

Each business area has its own lines of action, where the company's strategic priorities are addressed in greater detail. They all fall within the strategic plan for the entire FCC Group.

Focus on Fast-growing Core Businesses
Environmental services and water
Major infrastructure
Renewable energy

FCC
Citizen Services

Enhance the Organisation's Efficiency
Process reengineering
Cost optimisation
Synergy generation
Internal communication

Reinforce the Internationalisation Process
Central and eastern Europe
USA
Brazil, China, India,
Arab Emirates and North Africa

2 Good Governance as the Fulcrum for Creating Value

For the FCC Group, good governance means ensuring that the company steers toward creating long-term value for shareholders, in such a way that the environmental and social variables and stakeholders' expectations are built into the group's administration and management model.

Good governance is a fundamental element for ensuring that the company is properly oriented, strategically speaking. The Board of Directors of the FCC Group follows practically all of the Spanish regulatory authority's recommendations included in the Unified Good Governance Code. Compliance with these recommendations and the commitment to information transparency in corporate governance are the way the FCC Group lives up to its commitment to good governance.

3 Shareholders' Participation in Decision Making

The shareholders' meeting is the top decision-making body of any listed company. It takes the decisions that are key for the company's operation. The last meeting of the shareholders in the FCC Group was held on 27 May 2010 and was attended by the owners of 54.93% of the company's capital. All shareholders and investors can send their recommendations, comments and suggestions to the company, addressed to the Management Office for the Stock Market and Investor Relations, which is part of the Corporate Management Office for Finance.

On its web page, FCC has a number of specific sections labelled "Information for shareholders and investors" and "Corporate responsibility", to ensure that shareholders, investors and other stakeholders can get the information they need.
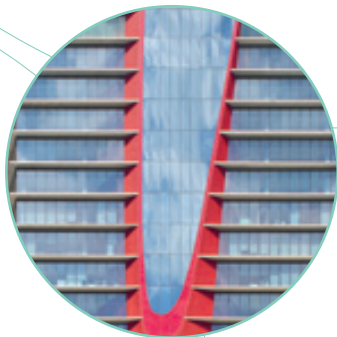
4 The Board of Directors, Pledged to Uphold Shareholders' Interests

The main function of a board of directors is to ensure that the company is being managed in the long-term interests of its shareholders. It does this by supervising and strategically steering corporate decisions. At present the FCC Board of Directors has 19 members, five of whom are independent. There are also four women on the board. In 2010 the Board of Directors held ten plenary meetings.

In 2010 the Board of Directors backed a great many actions concerning good governance and corporate responsibility. The foremost such actions were these:

◎ Supervision of the Corporate Responsibility Management Office (General Secretary, Executive Director).

◎ Chairmanship of the Group Corporate Responsibility Committee (General Secretary, Executive Director).

◎ Chairmanship of the Committee Tracking the Internal Code of Conduct Regulation and the Code of Ethics (General Secretary, Executive Director).

◎ Tracking of Corporate Social Responsibility Policy: Second Master Plan on Corporate Responsibility (2009-2010) and compliance review.

◎ Approval of the 2009 Corporate Responsibility Report and the 2009 Annual Corporate Governance Report.

To optimise the way the Board of Directors operates, the Board of Directors' Regulation charges the board with evaluating its own performance, its members' performance, the quality of its work and the efficacy of its rules and taking measures to operate more effectively when necessary.

5 Committees

For supervising and exhaustively tracking the issues most vital to the company's smooth operation, and for enhancing the efficacy and transparency with which the board exercises its faculties and performs its functions, the Board of Directors has four committees: the Strategy Committee, the Appointments and Remunerations Committee, the Executive Committee and the Audit and Control Committee.

6 Rigorous Risk Management and Control

Because the approval of risk control and management policy and the tracking and regular supervision of the company's internal information and control systems are such important matters, they are the responsibility of the Board of Directors.

The organisational structure, planning systems and processes for managing operations are designed to cope with the different risks to which the group's businesses are subject. In 2010 risk management was strengthened by the allocation of resources to the Management Office for Management Control and Risk Management, which is part of the Corporate Management Office for Administration and Information Technology. This management office is in the midst of a process for redefining and improving how risk management responsibilities are assigned in the operational realm and redefining and improving certain procedures and methods applied in such matters.

The risks affecting the FCC Group have been categorised according to best international practices and the COSO II methodology. The following categories have been identified: strategic risks, operational risks, compliance risks and financial risks.

Strategic Risk Management

Some of the foremost of the systems for controlling these risks are:

Strategic/market planning. This system identifies the objectives to be reached in each of the business areas, depending on the improvements to be introduced, the market opportunities available and the level of risk that is held to be acceptable. In 2010 the company's strategic equilibrium was fortified substantially with the incorporation of the new business divisions and with the increase in geographical diversification. In fact, in 2010 46% of sales were made as a consequence of activity abroad. Activities related with infrastructure and environmental services were especially significant in this process of gaining a foothold in foreign markets.

Reputation management. During 2010 the group completed the definition of its reputational risk matrix. The matrix was then used to design preventive and corrective actions so that possible contingencies can be dealt with without any detriment to the company's reputation.

Operational Risk Management

Some of the foremost of the systems for controlling operational risks are:

Contracting management. The risks and opportunities that arise in contracting processes are one of the main challenges facing the FCC Group. To deal with them successfully, the company has policies and procedures that put the emphasis on the technical quality, technology, economic feasibility and competitiveness of its bids.

Quality systems. The FCC Group has quality management systems covering the majority of its activities.

Environmental management systems. The group has environmental management systems certified as compliant with ISO 14001. The basic tool for preventing environmental risks is each operational unit's environmental plan, which identifies the environmental risks and applicable legislation, the criteria for evaluating environmental risks and the measures to be taken to minimise those risks. It also defines a system for tracking and measuring the established objectives.

Systems for internal control over financial reporting (ICFR). In 2010 the FCC Group launched a project to assess the current extent of implementation of its ICFR system, with a view to adapting the system to the new requirements applicable in 2011 and adopting the best reporting practices.

Information security systems. The group analyses the risks of projects that may call for significant changes in information systems, so that it can identify specific threats and map out the appropriate countermeasures. The FCC Group has a corporate information security policy that lays out the common criteria of information management so as to mitigate those risks that might affect information confidentiality, availability and integrity. In addition, FCC Construcción holds ISO 27001 certification for its information security management system, and aqualia will earn the same certification for its system in 2011.

Staff training. There are training resources and refresher courses in the FCC Group's business areas, available depending on the specific needs existing at the time. Quality committees are tasked with establishing training policy.

Compliance Risk Control Systems

The systems for controlling the risks of legislative compliance include the following:

Code of Conduct and Ethical Channel. This is the tool that steers and guides the behaviour of the company's professionals in social, environmental and ethical issues. The Ethical Channel is a way for employees to report financial irregularities or anything else flagged as unacceptable in the FCC Group's Code of Ethics.

Occupational Risk Prevention System. This system's purpose is to ensure that the staff health and safety level in all activities of the FCC Group remains high. The system does more than ensure strict compliance with occupational health and safety legislation, because it applies OHSAS 18001 as well.

Personal data protection. The FCC Group has a programme that defines the legal, organisational and technical controls needed in each case. It also regularly contacts regulating agencies and pertinent stakeholders to remain abreast of developments in legislation and legal thought that might affect the group.

Tax risk management system. This system sets criteria concerning the group's fiscal policy (through the Manual of General Standards), and it assesses and coordinates tax efficiency in

acquisitions and corporate restructuring operations.

Legal risk management system. The FCC Group has procedures in place that guarantee compliance with the laws regulating the various areas where it does business. For business done outside Spain, there are local legal consultants who advise about specific regulations and legislation affecting business. Because Spanish Constitutional Act 5/2010 establishing criminal liability for legal persons went into force on 23 December 2010, in the last quarter of 2010 the FCC Group launched a project aimed at ensuring that the group is applying the most-appropriate standards in each area, with the end objective of minimising the risk associated with this new law.

Financial Risk Management Systems

The main financial risks to which the FCC Group is currently exposed are the following:

Capital risks. The cost of capital and the risks associated with capital in each investment project are analysed exhaustively.
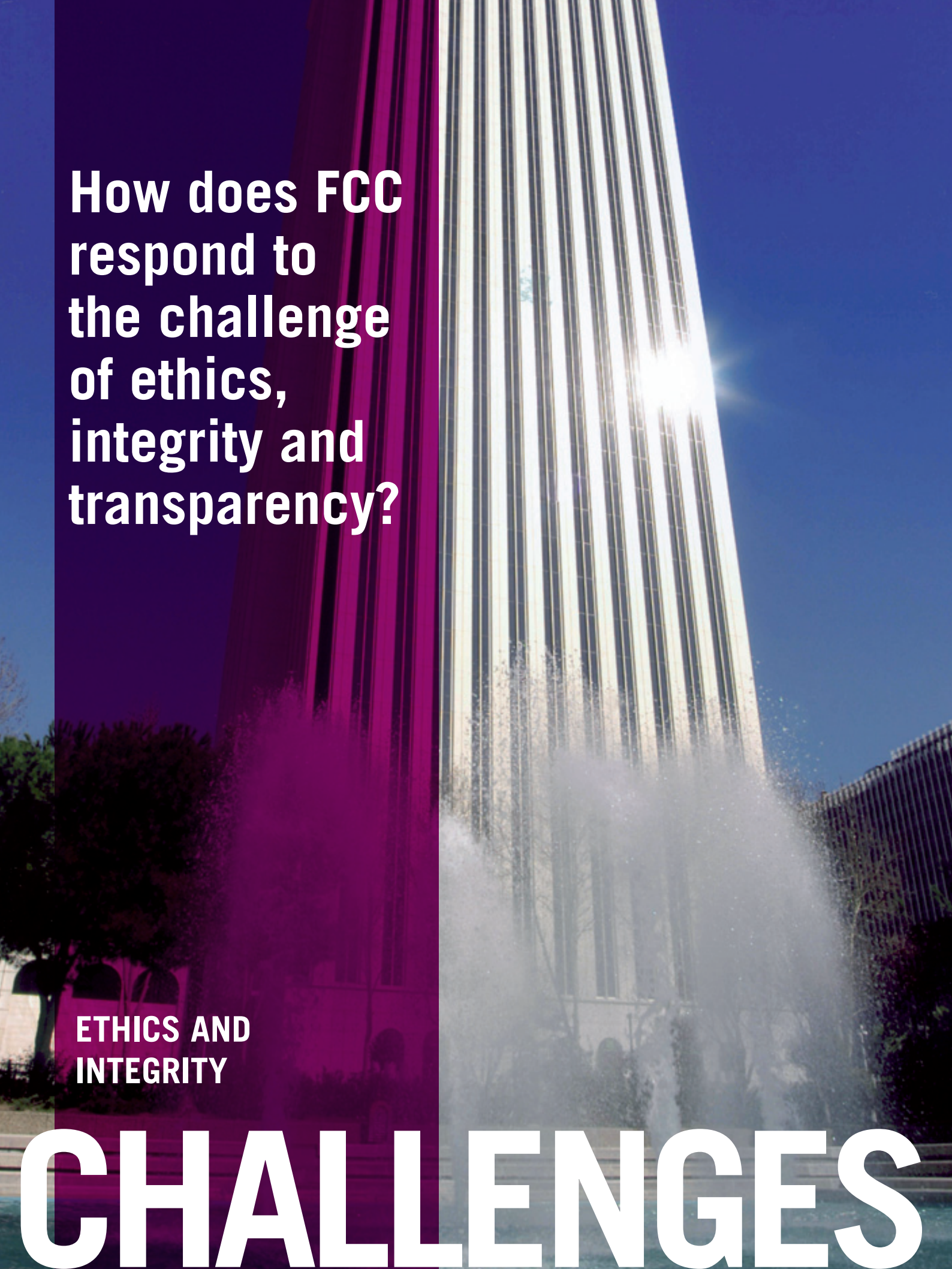
Interest rate risks. The group upholds a policy of ongoing market tracking and assumes different positions according to the assets whose financing is at issue.

Foreign exchange risk. This risk is due to the fact that the FCC Group does business in international markets. The company actively manages its foreign exchange risk by arranging financial

transactions in the same currency as that in which the asset is denominated; i.e., the group strives always to obtain financing in the local currency.

If you would like more-detailed information about corporate governance and risk management issues at FCC in 2010, please read the 2010 Annual Corporate Governance Report, which is available at http://www.fcc.es/fcc/corp/esp/rc_gc.htm.

How does FCC respond to the challenge of ethics, integrity and transparency?

ETHICS AND
INTEGRITY

CHALLENGES

"Before going into business in any country, we ought to get to know it, so we can respect their way of life and their customs. With a process of constructive dialogue, we can maximise the social benefits our projects create".

Javier Lázaro Estarta
FCC Construcción

"Each country where FCC operates has idiosyncrasies in its economic and social structures. As a company that provides citizen services, we have to understand these idiosyncrasies and respect them if we want to be successful. In this sense, we've made a lot of progress in recent years".

Pedro Rodríguez Medina
aqualia

Strategic Orientation

The Board of Directors of FCC has established that one strategic objective of the group and its business areas is to make FCC's activities sustainable by fostering socially responsible actions. For that purpose, the company drew up its Corporate Responsibility Master Plan, which was completed in 2010. The Master Plan grouped actions into six strategic lines, which included the fostering and strengthening of integrity, transparency, deployment of the Code of Ethics, knowledge of the code, sensitisation to the code and compliance with the code. Some of the primary actions taken to reach this objective were the following:

- Dissemination and training plan for all group employees, plus assurance that company suppliers know the Code of Ethics.

- Dissemination, tracking and reporting of FCC's compliance with the ten principles of the Global Compact, which the group voluntarily espouses.

- Inclusion of commitments to ethics, integrity and transparency in agreements with suppliers, contractors and business partners. Also, preparation of a procedure for tracking compliance by the group's main suppliers.

The FCC Group does business ethically and transparently, with integrity. This promise binds everybody, in every country, regardless of what their responsibilities in the company are, from senior management to the most junior operators. To make good on this promise, the company has set up the right means to safeguard these behavioural principles throughout the entire value chain, from product and service supplies all the way to delivery to the end consumers, citizens.

The FCC Group's senior management maintains that it is a strategic priority to operate under the rule of transparency. This is one of the most-effective means of instilling trust of the company and preventing bad practices from appearing. The group's governing bodies apply the highest corporate governance standards, and its managerial staff stays in constant contact with stakeholders to learn how they perceive the company's performance.

Internally, the company has equipped itself with mechanisms for enforcing its commitment to ethics and integrity. One such mechanism is the Code of Ethics, whose purpose is to highlight the corporate culture and patterns of conduct expected at FCC. The Code of Ethics is the company's response to any ethical concerns employees may find themselves facing as they go about their job. It is also a guide that sets the patterns to be followed in the FCC Group's commercial relations with third parties.

The group has other mechanisms for enforcing its commitments in these matters, too, such as the Internal Code of Conduct in Matters Relating to the Securities Markets and the Ethical Channel, which employees can use to report irregularities. Also, all contracts with contractors, suppliers and business partners require the signatories to shoulder commitments to ethics, integrity and transparency, namely, the principles of the United Nations Global Compact.

CHALLENGES

- More than 9,300 people completed ethics and integrity training modules in 2010

- We participate in a great many forums in order to share our plan for fortifying the group's integrity

- Our contracts with suppliers include a clause requiring acceptance of the ten principles of the Global Compact

- We have programmes to reinforce ethical compliance

EVERYBODY IN THE FCC GROUP HAS THE OBLIGATION TO REPORT VIOLATIONS OF THE CODE OF ETHICS

1.1 A Culture Based on Ethics, Integrity and Transparency

The FCC Group provides the means for ensuring the culture of ethics, integrity and transparency that sets the company apart and constitutes one of its main identifying traits. The company not only applies these principles to its own activities, but also extends them throughout its value chain, particularly to suppliers, contractors and business partners. The FCC Group has the finest resources and the finest people to ensure that its commitments in matters of ethics, integrity and transparency are effectively put into practice in its daily operations.

1.1.1. The FCC Code of Ethics

The Code of Ethics is one of the main tools the FCC Group has for orienting staff action and behaviour. It discusses the conduct expected of the company's employees and includes issues related with things such as corruption and bribery, human rights, the development of human capital, health and safety at work and environmental friendliness.

The FCC Code of Ethics is the reflection of the company's public commitment to ethics, integrity and transparency. Its terms are mandatory for all company employees, regardless of the level of responsibility they hold or the location where they work. Its contents are promoted and disseminated amongst suppliers and contractors and are based on recognised international standards such as the Universal Declaration of Human Rights, the ILO Tripartite Declaration, the OECD guidelines and the United Nations Global Compact.

1.1.2 The Ethical Channel, Making Assurance Double Sure

All the people in the FCC Group are obligated to report violations of the Code of Ethics. The Ethical Channel is the device all employee can use to file confidential reports of any breaches of the Code of Ethics they may observe.

The group has established a general procedure for communications in matters related with the Code of Ethics. Pursuant to the code, when incidents are reported, it is the responsibility of the Committee Tracking the Internal Code of Conduct Regulation to decide what is to be done. In the case of situations of mobbing or sexual harassment, the decision is the responsibility of the officer in charge of the Human and Other Resources Division.

FCC has specific procedures for handling financial and accounting irregularities. In these cases, the decisions are the responsibility of the Audit and Control Committee.

In 2010 the Code of Ethics' channel registered three notifications of violations, all of which were handled according to established procedures. None of the violations were related with incidents of child exploitation, forced labour, human rights or discrimination, in any of the meanings of the word.

The Code of Ethics and internal regulations are available at http://www.fcc.es/fcc/corp/esp/rc_gc.htm.

1.1.3 More than 9,000 Employees Trained in Ethics and Integrity
The Code of Ethics is the heart of the FCC Group's commitments in matters of ethics and integrity, but there are also other vehicles embodying the company's commitment to a culture based on ethics, integrity and transparency.

The FCC Group has introduced equality plans, and it has a mobbing prevention protocol. These initiatives are formal manifestations of the hard work the group is doing to establish values and principles of behaviour that create a working atmosphere where respect amongst co-workers and equal opportunities for men and women are the norm.

In order to make its principle of conduct better known amongst employees and business partners, the group has designed a number of training modules to facilitate dissemination and knowledge of the Code of Ethics, equality plans and the mobbing prevention protocol. These modules include practical issues, situations that every employee might find in day-to-day activities. The first people to complete the training modules were 219 FCC Group executives. The modules were subsequently deployed more widely, providing training for 9,390 people in 2010. The group is looking at other means of disseminating its principles amongst the rest of its domestic and international workforce.

Training in the Code of Ethics

The on-line training module on the Code of Ethics was designed so that all employees can learn about and understand the company's commitment to ethics, integrity and transparency and receive guidance about the best way to go about their daily duties. The FCC Group is highly determined to ensure that its employees know about, understand and comply with the code, as a key tool for building a culture based on shared values.

The on-line training module is centred on the importance of abiding by legal requirements and the standards and professional rules FCC adheres to, the obligation of reporting potential

violations and the seriousness of understanding the behaviour commitments explained in the Code of Ethics and the procedures and protocols associated with it.

Training in Equality

The FCC Equality Plan is aimed at ensuring that the rule of equal opportunities is applied effectively. Within the framework of that plan, the company launched a training programme for all employees, with the objective of achieving greater sensitivity to equal opportunities issues. The training module seeks to make employees think about equal opportunities in the company, know what an equal opportunities plan is and grasp the importance of managing equal opportunities correctly.

Training in Harassment Prevention

The FCC Group does not tolerate harassment in any form, and it has established every means within its reach to prevent and correct any such incidents. In 2010 the company launched a training programme with the objective of making sure that all employees know about and understand the harassment prevention policy. The module is intended to help recognise the differences between the different kinds of harassment and their implications for the company. It also seeks to help identify conflictive situations that could develop into

harassment, teach employees FCC's Ten Commandments for Preventing Harassment and drill employees in the procedure established by the company for resolving conflicts in issues involving harassment.

1.1.4 Redefinition of FCC's Values: A Citizen Service Company

FCC's repositioning as a citizen service company was the reason why in 2010 the company conducted what might be called a revision or realignment of its values.

In June 2010 the company began the process by consulting with 250 domestic and international FCC executives in order to learn what kind of acceptance the corporate values and rules of conduct have met with since the company's Code of Ethics was written in 2008. After collecting the results, some of these executives were assigned the task of working individually on the findings of the consultation process.

At the same time, an ad-hoc committee was put together by the Corporate Management Office for Human Resources and the FCC Corporate Management Office for Communication and Corporate Responsibility, with the goal of drafting proposals concerning the values and any rewording that needed to be done.

EVERYBODY IN THE FCC GROUP IS COMMITTED TO ACTING WITH INTEGRITY, HONESTY AND TRANSPARENCY, FROM SENIOR MANAGEMENT TO THE MOST JUNIOR OPERATORS

1.2 FCC's Procurement Model: A Structural Solution for Integrity and Efficiency in the Procurement and Supply Chain

FCC introduced the Procurement Management Model in 2010 with two goals. The first was to take advantage of synergies in its purchasing and develop new capacities to provide leverage in the creation of value for the group's businesses. The second, to conduct purchasing operations under certain responsible principles aligned with FCC's ethical tenets. It is an important fact that close to 65% of FCC's economic resources are devoted to paying suppliers and subcontractors.

The foremost of the principles to be ensured are competition amongst suppliers, separation of functions between the business unit and the purchasing unit, transparency in the purchasing process and in decision making, objectivity and unanimous agreement amongst all parties involved in procurement and compliance with accepted conditions.

Methodologically speaking, the Procurement Management Model is built on the basis of:

a) A centralised organisation (the new Procurement Management Office) located at the group's parent company, FCC, S.A.;

b) Processes oriented toward decision-making shared by a group, the FCC Purchasing Table; and

c) An e-business tool, Ariba, that supports all activity. By means of an electronic process stretching from start to finish, from the announcement of needs to invoicing, Ariba makes competition more effective, renders the process more transparent and efficient and facilitates compliance with acceptance terms.

More than 700 million euro of purchases have already been negotiated under the new Procurement Model in 2010, and close to 600 suppliers have joined this electronic marketplace.

In addition, with the goal of spreading these principles of social responsibility and integrity all up and down the supply chain, the group's own Steering Committee has resolved to make it compulsory for all suppliers and subcontractors to familiarise themselves with the Code of Ethics, which is available in all the languages of the countries where FCC operates.

THE FCC GROUP BASES ITS STRATEGY FOR DEALING WITH ITS SUPPLIERS ON THE ESTABLISHMENT OF STABLE, LASTING BUSINESS RELATIONS

CHALLENGES

Another one of the conditions required of suppliers in purchases managed using the Procurement Model is compulsory compliance with the ten principles of the United Nations Global Compact. Suppliers and subcontractors undertake that, in their relationship with FCC, they will accept the ten principles of the Global Compact, which FCC adhered to in 2007 (www.pactomundial.org). Failure to respect any of the principles may give grounds for cancelling the contract. A further criterion used in supplier selection is whether suppliers have certified quality management and environmental management systems.

In short, the Procurement Model is designed to facilitate competition amongst suppliers, transparency in the process, objectivity in contract awards and contract performance; and it also seeks to give suppliers and contractors incentive to make a commitment to sustainability and to the principles of the FCC Code of Ethics.

1.3 Internal Code of Conduct

The FCC Group has a regulation, the Internal Code of Conduct Relating to the Securities Markets, for ensuring integrity in the processing of material information that may be regarded as insider information. FCC has a Tracking Committee that holds cognisance to supervise compliance with the Internal Code of Conduct and makes sure that the code is disseminated and understood throughout the company.

1.4 FCC, A Pacesetting Company

During 2010 the company was invited to various forums to talk about its plan for stronger ethics and integrity. There the group had the opportunity to show important opinion makers the progress it had made.

In other developments, the Club of Excellence in Sustainability launched a corporate governance committee. The committee's members represent companies that set the standard for corporate governance in Spain. The Corporate Governance Committee will endeavour to prompt companies in the club toward better corporate governance and will encourage members to put together effective programmes on ethical compliance. The FCC Group will be coordinating the committee's work, through FCC's manager for Corporate Responsibility.
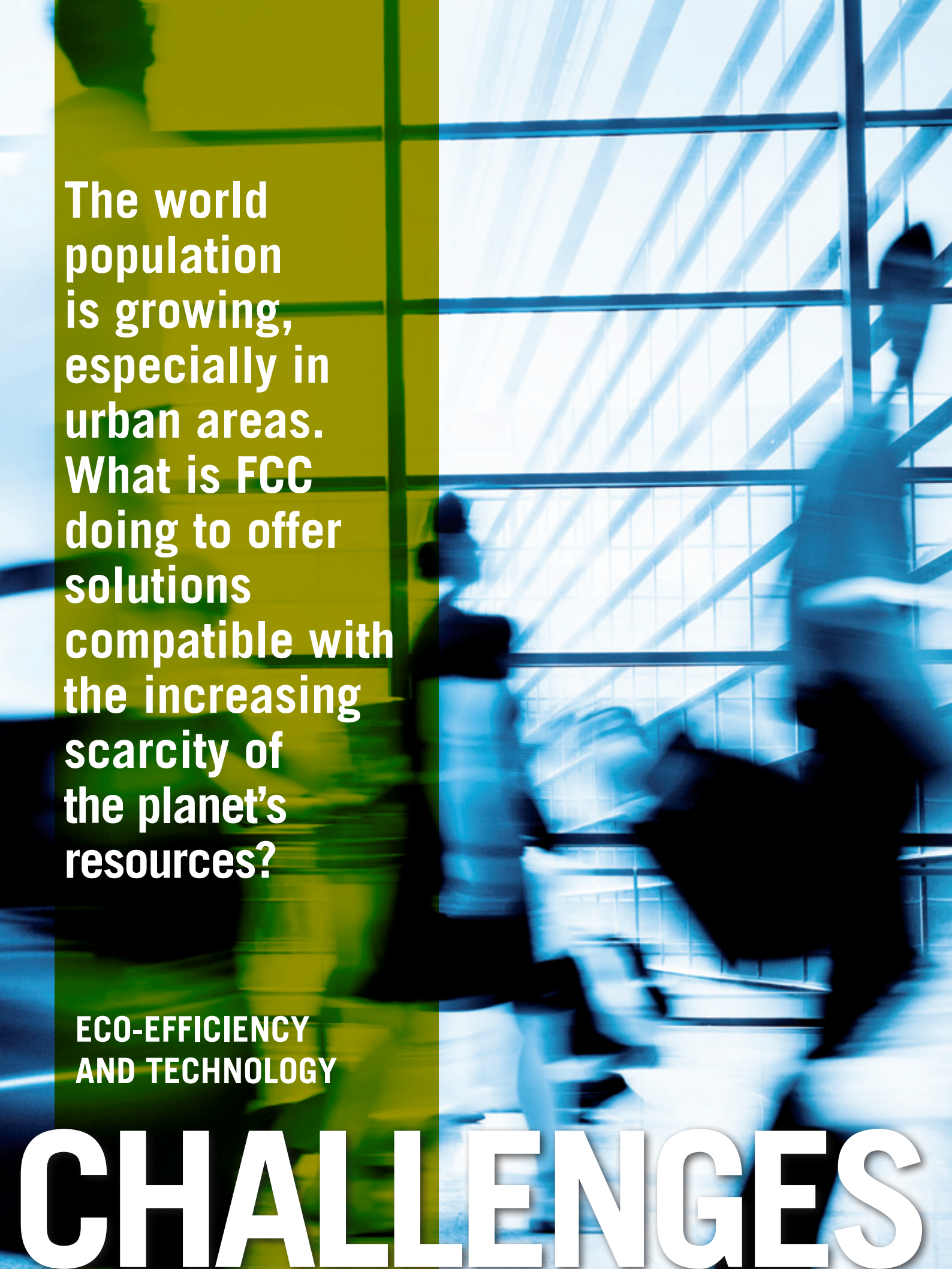
THE TEN COMMANDMENTS FOR PREVENTING HARASSMENT

The FCC Group is committed to avoiding harassment situations of any kind, and team managers have the duty to enforce this commitment by reporting conduct that may be construed as harassment.

The approved, formal statement of the FCC Group's position on this issue is the Ten Commandments for Preventing Harassment, which can also be used to guide team managers and other employees in identifying and avoiding risky situations. The Ten Commandments consist in the following measures:

1. Respect. An environment of respect and politeness will be promoted at work.
2. Communication. Attitudes that tend to create isolation or to reduce normal communication amongst co-workers will not be accepted.
3. Reputation. All attitudes aimed at discrediting or harming a worker's personal reputation or work reputation are forbidden.
4. Discretion in discipline. Communications for the purpose of correcting a worker's conduct or drawing a worker's attention to poor, low or inappropriate performance on the job will be delivered in private.
5. Avoidance of arbitrary behaviour. It is forbidden to assign or distribute work in an arbitrary or abusive fashion.
6. Uniformity and fairness. Mechanisms for supervising work and tracking performance will be applied uniformly and fairly.
7. Prohibition of sexual behaviour. Lewd attitudes, whether expressed through acts, gestures or words, are strictly forbidden.
8. Unwanted gifts. Unwanted gifts or invitations that make their recipient uncomfortable are not allowed.
9. Avoidance of harassment. Attitudes entailing direct or indirect harassment for reason of gender are particularly forbidden.
10. Opportunities in training and promotion. It will be ensured that all workers having the same merits, level and capabilities will have similar training and promotion opportunities.

The world population is growing, especially in urban areas. What is FCC doing to offer solutions compatible with the increasing scarcity of the planet's resources?

ECO-EFFICIENCY AND TECHNOLOGY

CHALLENGES

"At FCC we funnel resources into RDI, both for our own technological research and in alliance with our supplier partners. We're making great strides in the field of waste management, and the course we're following is to optimise waste treatment in order to yield energy, through EfW plants".

Eduardo Jiménez Andarias
FCC Medio Ambiente
Internacional

"All the waste we manage is analysed before it comes into the plant. Thanks to this, we know what's the best treatment method to apply. We want to recycle 80% of the waste that comes in".

Aurelio Blasco Lázaro
FCC Ámbito

"Citizen services are what our clients want, so we adopt that same objective for ourselves. In logistics we manage mass-market products, and we are sitting right in the middle of the flow. That's why it's important to do our job to everybody's satisfaction".

Luis Marceñido Ferrón
FCC Logística

A recent World Bank report[2] found that the growth of urban areas in the first 30 years of the 21st century will be ten times greater than in the time immediately before that. This growth will be even sharper in places where the constraints on natural resources are tighter. At a time when governments are trying to cut costs, the challenge of finding new solutions that make development compatible with environmental protection is even more glaring and even more important.

FCC's strategy has two fronts. On one side, by seeking greater efficiency and intensifying the research and technological development programmes already under way, the FCC Group is endeavouring to set itself forward as a provider of quality products and services, the go-to company for governments that find themselves increasingly in need of efficient formulae for reaching the objective of offering sustainable solutions to accommodate new social needs.

[2] http://siteresources.worldbank.org/INTURBANDEVELOPMENT/
Resources/336387-1270074782769/Eco2Cities_synopsis.pdf

We have invested 11.4 million euro in RDI projects

We treat 99.3% of our wastewater before releasing it

Seventy-four percent of our activities have ISO 14001 certification

We have restored more than seven million square metres of land

Strategic Orientation

Sustainable resource consumption and protection for biodiversity are strategic priorities that the FCC Group supports through ongoing improvement programmes and innovation processes. The Corporate Responsibility Master Plan singles out responsible innovation as a competitive factor. Here are some of the things that have been done to achieve this objective:

- Introduction of a corporate system for managing information and the RDI initiatives that are on the drawing board or already in execution within the group.

- Investment in new RDI projects to address the needs for improvement in production processes and the expectations of clients and other stakeholders.

- Introduction of an energy management system and expansion of the perimeter covered by existing environmental management systems.

- Greater reduction of waste at its source, the recycling of waste and the use of waste to generate energy. This applies to waste created by FCC and waste managed by FCC.

2.1. RDI, Fundamental for Sustainable Growth

RDI is one of the pillars of sustainability for the FCC Group. Developing new materials, optimising processes and enhancing the efficiency with which materials are used are matters of vital importance in a context of increasing shortness of resources. Investment in RDI creates advantages in two ways: First, it is an effective way of contributing to sustainable development, and, second, it offers companies in the RDI vanguard the possibility of developing a competitive edge.
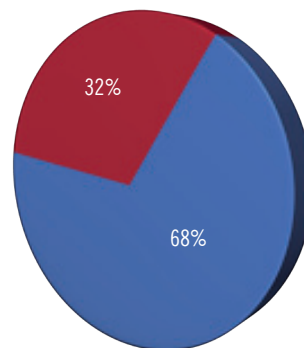
The objective of the company's RDI research lines is to minimise negative environmental impact whilst maintaining or improving the quality of the services rendered. The main areas of action are aimed at making the methodologies, technologies, systems, equipment and processes used more sustainable environmentally. Particular emphasis is laid on sustainable urban development, the design of new sustainable products, process optimisation and improvements in information technologies, process control and data management.

RDI Investment

- Infrastructure
- Services

The total investment in RDI amounted to 11.4 million euro in 2010.

2.2. Sustainable Construction, the Main Thrust of FCC's Research Work

Construction can be made more environmentally friendly and more sustainable only if there are clear guidelines in which every stakeholder in the construction cycle participates. The FCC Group has taken a proactive stance, contributing the knowledge and experience gleaned from its more-than-100 years' experience in the realm of construction and infrastructure.

In city planning processes, in building design, in the manufacturing and use of

building materials, the company applies strict criteria of sustainability, adopting more-efficient, less-polluting technologies and factoring environmental criteria into overall project planning.

FCC Construcción and Cementos Portland Valderrivas are running specific projects in sustainable construction that will ultimately make for either a reduction in emissions and/or energy consumption or lower resource use. There is the Cíclope ("Cyclops") Project, whose objective is to analyse the life cycle of building materials with a view to

boosting buildings' energy efficiency and reducing CO_2 emissions. There is also the Arfrisol Project, which is a long-term study of bioclimatic design and the use of alternative energy sources in buildings.

During 2010 FCC participated in different Spanish and international working groups looking into sustainable building and environmental sustainability. The foremost sustainable building groups it belongs to are Technical Committee ISO TC-59/SC-17, "Sustainability in Buildings and Civil Engineering Works"; Committee CEN/TC-350, "Sustainability of Construction Works", which is a European committee; the Spanish mirror committee, AEN/CTN 198, "Sustainable Construction"; and AEN/CTN 198/SC2, "Sustainability in Infrastructure". In environmental sustainability there is Committee ISO/TC 207, "Environmental Management", where the company is an active member of numerous subcommittees.

If you would like more-detailed information about the FCC Group's RDI projects, please go to http://www.fcc.es/fcc/corp/esp/adn_it_iyd.htm.

2.2.1. Research into New Materials for Uncontrolled Risks

FCC Construcción has lines of research dedicated to developing and testing new materials suitable for use in places exposed to violent natural events. For example, in 2010 research was concluded into the construction of underwater tunnels in seismically active zones. Another project (consisting in dynamic testing for the maintenance of bridges subjected to uncontrolled environmental loads) remains in the development stage. Also, research into constructing buildings subject to the risk of terrorist action is scheduled to conclude in 2011. This latter project, in addition to developing new materials, aims to be useful as the basis for the development of future regulations about building to withstand terrorist attacks.

The Cement division has a full line of RDI oriented toward developing new kinds of cement for use under special conditions.

There is fast-setting cement, which takes just two hours to harden; it could prove especially useful under special conditions such as natural catastrophes.

NEW MATERIALS DEVELOPED AT CEMENTOS PORTLAND VALDERRIVAS

Cementos Portland Valderrivas regards the manufacturing of new, special-performance products with higher added value as one of the main ways it sets itself apart from other cement makers. The following are just some of the new cements it is developing for special applications:

- **Microval:** High-durability cement to which slag has been added. For use in aggressive environments under attack by water and sulphates. Exceptional for injection waterproofing.
- **Naturval:** Very fast-setting hydraulic agglomerating agent with instant initial strength, whose manufacturing process releases lower CO_2 emissions. Especially recommended in non-structural building applications.
- **Ultraval:** Cement with high initial and final strength, so it can be used for projects that need to go into immediate operation. It can also increase productivity in the precast concrete industry.
- **Oil well cement:** Cements meeting the standards of the American Petroleum Institute, mixed with special additives to enable them to withstand high pressures and temperatures. They are used as grout to waterproof wells down to where the oil lies, forming a channel for the crude oil to pass through on its way out and preventing water from leaking in from above.
- **Supra and S/S Premium agglomerating agents:** Agglomerating agents based on Portland cement and additives, with a high capacity for immobilising the pollutants, heavy metals and volatile organic compounds present in contaminated soil. It creates a matrix around them and then solidifies, stabilising the harmful components so the soil can be recovered for other uses.
- **Cements for cooling towers and water pipes:** Cements in the development stage, to be used to manufacture high-durability concretes that can last 30 to 50 years in highly aggressive environments, especially power plants and wastewater pipes.

There are two other leading projects to develop products boasting highly specific features, Hormigón Exprés ("Express Concrete") and Materiales con Propiedades Cementantes ("Materials with Cement Properties"). The first aims to develop concrete that can instantly attain high strength at pouring. The second concerns a new cement material that replaces clinker, in order to introduce an alternative manufacturing process in places where traditional raw materials are scarce.

CHALLENGES

Activities Holding ISO 14001 Environmental Certification (%)
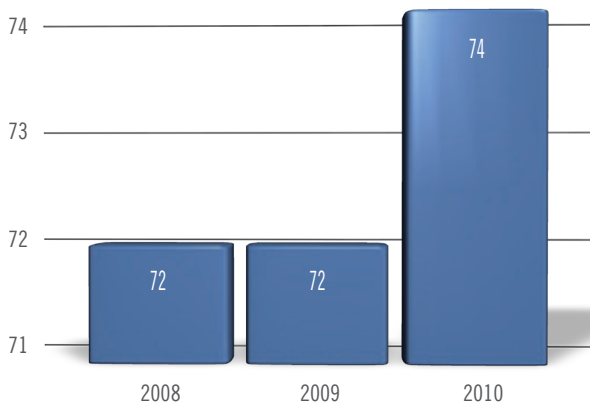
2.3. Eco-efficiency
Eco-efficiency earns double dividends for the company. First, the reduction in resource use is good for the environment. Second, using fewer resources makes projects more profitable.

2.3.1. Sustainable Environmental Management
One basic instrument for creating eco-efficiency in production processes is the group's solid environmental management system. In 2010 the company continued pushing for more of its activities and facilities to earn environmental certification, and 74% of all group activity is now certified.

Despite this effort at ongoing improvement, in 2010 around 20 fines were registered for violations of different environmental rules and regulations, involving a total of 108,920 euro.

2.3.2. A Reliable Measurement of Impact
Performance indicators have to be reliable. That is a vital requisite for introducing and implementing improvement plans that will be effective. For that reason, the FCC Group has Horizonte, a centralised management system that collects and manages all the sustainability-related information on the group. This information is the starting point for designing specific corrective action plans wherever the potential for improvement is the greatest and most effective.

2.4. Consumption of Materials and Water
2.4.1. Optimisation of Material Consumption
Optimising use of materials and minimising consumption of materials are two steps that reduce environmental impact and earn economic rewards. The company is firmly committed to recycling, energy recovery and the environmental optimisation of its production processes.

Each business division has its own initiatives for cutting down on the amount of materials it consumes, even the heaviest consumers, Construction and Cement. FCC Construcción, for example, encourages alternative uses for left-over materials, proper sorting and selective separating. Cementos Portland Valderrivas fosters the use of alternative raw materials to replace natural raw materials and thus reduce the amount of natural resources consumed.

Material Consumption by Area

- Cementos Portland Valderrivas
- Construction
- Other
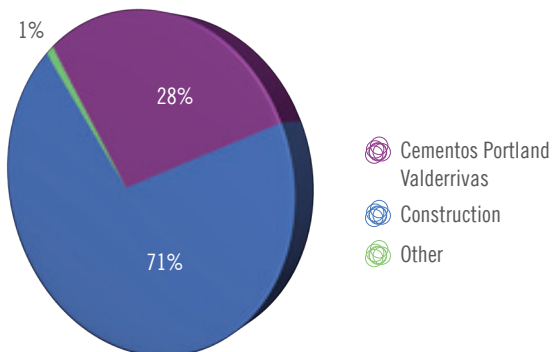
Material Consumption (t)
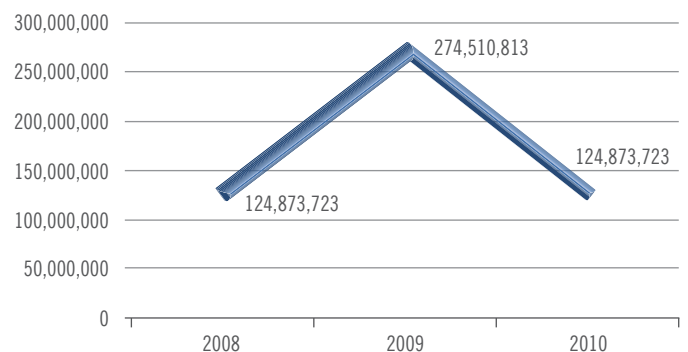
2.4.2. Efficiency in Water Consumption

Water is an important resource in the FCC Group's activities, especially in environmental services such as street cleaning and garden maintenance. It is also vital in the cement- and concrete-making process and for making steam in plants that use waste to generate power. The FCC Group makes a point of using water unfit for human consumption whenever possible, provided the quality of the water is suitable for the activity in question. The water the group consumes comes fundamentally from general municipal water supplies.

FCC carries out group-wide initiatives to reduce the amount of water it consumes. The foremost actions in this direction aim to sensitise employees and raise suppliers' and contractors' awareness to the issue.

One of the companies in the FCC Group, aqualia, specialises in end-to-end water cycle management. Its experience in the field helps make water resource management more efficient throughout the rest of the group's companies.

2.5. Emissions

2.5.1 Atmospheric Emissions

The group's main emissions, in addition to carbon dioxide (CO_2), are nitrogen oxide (NO_x), sulphur dioxide (SO_2), CFCs and solid particles. The NO_x and particle emissions are released primarily by the Cement division; the SO_2 emissions are caused mainly by the Services area.

Water Consumption by Area
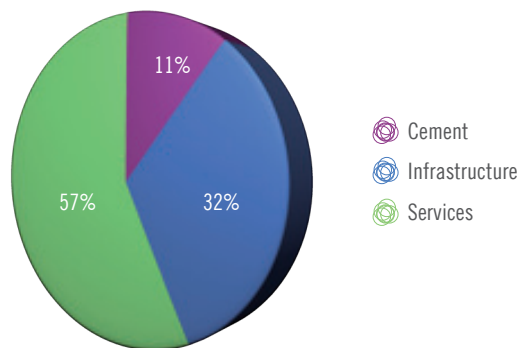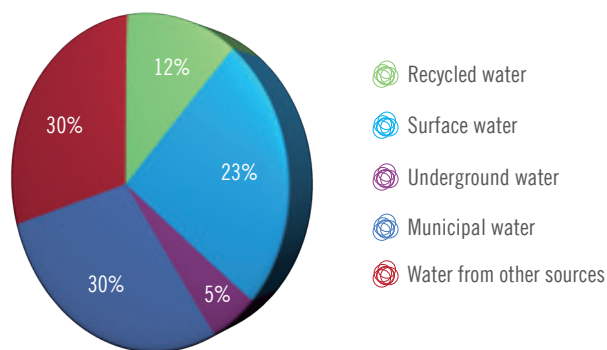
- Cement — 11%
- Infrastructure — 32%
- Services — 57%

Water Consumption (m^3)

- Recycled water — 12%
- Surface water — 23%
- Underground water — 5%
- Municipal water — 30%
- Water from other sources — 30%

Source of NO_x Emissions

- Cement — 73%
- Other — 27%

Total NO_x emissions:
24.453 t

Source of SO_2 Emissions

- Services — 75%
- Other — 25%

Total SO_2 emissions:
14.576 t

Source or Particle Emissions

36%

64%

◎ Cement

◎ Other

Total particle
emissions: 511 t
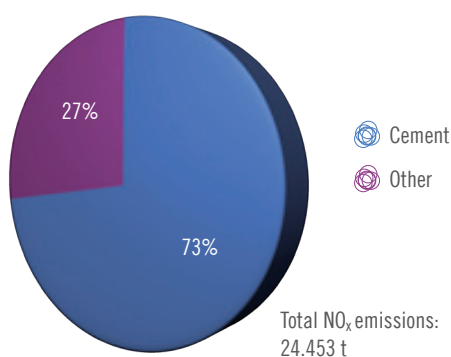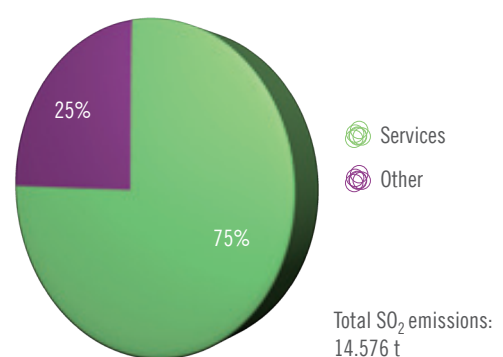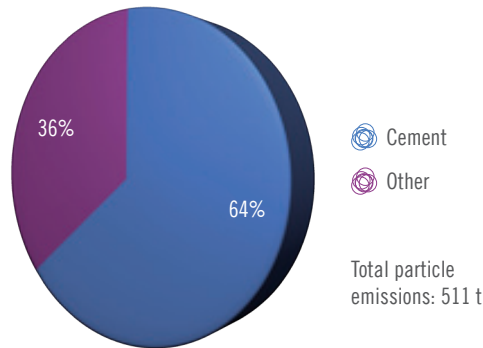
The company has initiatives for reducing the emissions associated with combustion, which have a direct impact on reducing emissions of particles, NO_x and SO_2. Additionally, each business area has its own initiatives for reducing these emissions.

Cement, for instance, works actively on reducing its NO_x emissions by injecting ammoniated water into the combustion process in its factories in Spain. Construction, on the other hand, prevents its emissions by applying exhaustive controls to its machinery and using the best technologies available.

SO_2 Emissions (t)

5,254.1
34,416.3
14,576

2008   2009   2010

NO_x Emissions (t)

22,499.9
35,901.6
24,453

2008   2009   2010
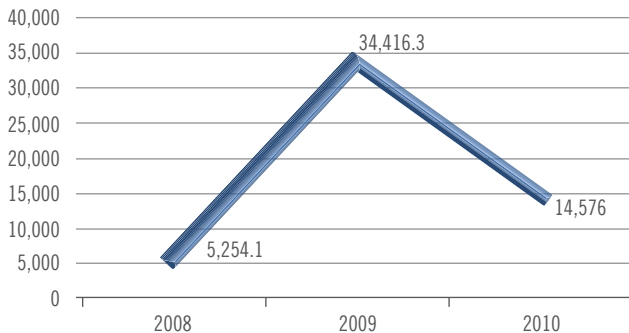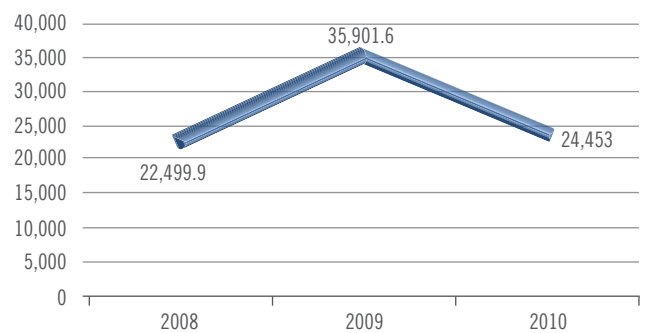
All the facilities that have atmospheric emissions foci and comprehensive environmental authorisation are subject to certain emissions ceilings that cannot be exceeded. Generally they all have gas-scrubber systems or baghouses, depending on what kind of process generates the emissions.

2.5.2. Discharge Control and Spill Prevention
The FCC Group's environmental management systems stipulate specific procedures for proper discharge

management, in order to minimise impact, prevent inadvertent discharge and trigger possible responses to accidental spillage and discharges.

Most of the wastewater that is discharged is purified at treatment stations first. FCC also manages and treats other kinds of discharge that it does not create; these discharges are controlled according to parameters that follow instructions authorised by hydrographic confederations or other competent authorities.

The FCC Group companies carry out a great many initiatives designed to prevent, reduce and control possible discharges of chemical products, oils, fuels and other potentially hazardous substances.

Despite all the preventive measures taken, FCC Construcción's environmental management systems registered 102 accidental spills, mainly hydrocarbons, oils and water used to rinse concrete-pouring chutes and concrete drums. The estimated volume of discharge was reduced. Cementos Portland Valderrivas registered two incidents, and the Waste Recycling Group, three. This information shows just how robust and interconnected the company's environmental management and information-gathering systems are. In every case the necessary corrective measures were taken to minimise the incident's environmental impact.

2.5.3. Optimum Waste Management

Once waste has been created, the group endeavours to find the best final option. Reuse, recycling and energy recovery take priority over solutions involving disposal in a landfill or elsewhere. In 2010 11.93% of the waste created was sent for composting, recycling or use in an EfW plant.

The quantity of waste produced in 2010 amounted to 10,277,579 tons, of which only 0.3% were hazardous.

Each business division has its own waste management plans, but they all share the rule of minimising the amount of waste created. For example, Cemusa optimises its use of stocks, and it recovers and reuses materials to make repairs to street furniture. FCC Logística promotes the reuse of packaging. aqualia, the company that creates the largest amount of waste in the entire group, has lines of research aimed at using the methane produced in treatment sludge decomposition and using part of the treatment sludge as fertiliser for parks and gardens.

Source of Waste

1,8%
19,9%
78,3%

- Cement
- Infrastructure
- Services

Nature of Collected Waste

4,5%
95,5%

- Non-hazardous waste
- Hazardous waste
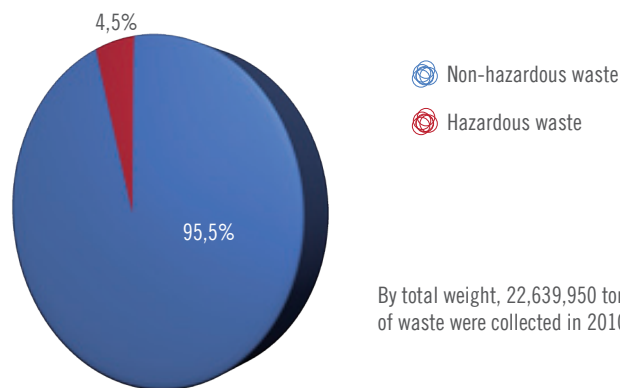
By total weight, 22,639,950 tons of waste were collected in 2010.

The FCC Group has companies in the business of waste treatment, such as FCC Medio Ambiente, WRG and FCC Ámbito.

CHALLENGES

INTRODUCTION OF GOOD PRACTICES AT FCC CONSTRUCCIÓN

For some years now, FCC Construcción has had a wide range of good practices in connection with atmospheric emissions, efficient water resource use, material consumption and waste creation. It introduces these good practices, all of which are voluntary, in the spirit of ongoing improvement that reigns throughout the FCC Group, as a way of "systematising sustainability". Each good practice is applicable only to a certain number of projects, because of the nature of the good practice and the specific circumstances and location of each particular project. The tables below state the nature of each good practice, the percentage of projects where the good practice has been applied and the percentage of projects where it could have been applied.

Good Practices Concerning Atmospheric Emissions	% Sites That Apply the GP (out of all sites)	% Sites That Apply the GP (out of all sites where the GP is applicable)
Reduction of dust by watering tracks and stockpiles.	90%	96%
Use of additives in irrigation water to create a surface crust, paving of roads and other practices for lasting dust control.	19%	15%
Use of screens to prevent dust dispersion.	8%	46%
Use of sprayers with molecular action in dust-creating facilities, such as aggregate-processing plants.	2%	27%
Use of drilling machinery with dust-wetting system, water curtain on ventilation pipe exhausts or other dust-trapping systems.	10%	65%
Improvement on the requirements set by legislation for parameters that are checked (discharge opacity, particles in suspension, etc.).	1%	11%
Proper maintenance of machinery operating on site.	68%	85%
Use of chutes to dump rubble from heights and tarpaulins to cover containers.	23%	70%
Proper control of vehicle speed on site.	60%	87%
Reduction of dust emissions from auxiliary facilities.	2%	55%

Good Practices Concerning Consumption of Materials	% Sites That Apply the GP (out of all sites)	% Sites That Apply the GP (out of all sites where the GP is applicable)
Reuse of inert waste from other sites.	15%	64%
Use of reclaimable components such as non-permanent walls (traditionally made of concrete for subsequent demolition) at aggregate crushers, etc.	3%	31%
Reduction of borrow material as a percentage of the project design volume.	59%	79%
Reuse of removed topsoil.	31%	83%
Use of items reclaimed from other projects, such as portable purifying plants, containers, etc.	18%	71%

Good Practices Concerning Discharge Prevention, Reduction and Control	% Sites That Apply the GP (out of all sites)	% Sites That Apply the GP (out of all sites where the GP is applicable)
Use of portable purifiers or reusable prefabricated septic tanks for treating sanitary water.	17%	74%
Effluent-settling ponds with or without additives for effluents and industrial water.	13%	69%
Automatic pH treatment for basic effluents.	5%	41%
Improvement in controlled parameters over the requirements set by legislation or the discharge permit.	2%	18%
Prevention of accidental discharges.	70%	95%

Good Practices Concerning Waste Generation	% Sites That Apply the GP (out of all sites)	% Sites That Apply the GP (out of all sites where the GP is applicable)
Reduction of inert waste taken to landfills compared with the project design volume.	77%	89%
Classification/collection of construction and demolition waste for individualised management.	65%	87%
Changes in design or system of construction in connection with the use of materials that create hazardous waste, such as fibre cement, release agents, additives, resins, varnishes, paints, etc., so as to produce less-hazardous or non-hazardous waste.	4%	27%
Reduction of packaging waste through practices such as ordering materials with returnable packaging, reuse of contaminated packaging, reception in large volumes or bulk format instead of in packaged format.	23%	61%
Management of surplus materials from excavation.	29%	68%
Rubble recovery.	22%	59%
Use of means for reducing the volume occupied by waste paper, cardboard, metal, etc.).	2%	40%

2.4. Protection of Biodiversity

With the goal of minimising its disruption of the environment, before implementing its projects the company conducts environmental impact studies so it can weigh different alternatives and eventually roll out the one that is most respectful of the environment.
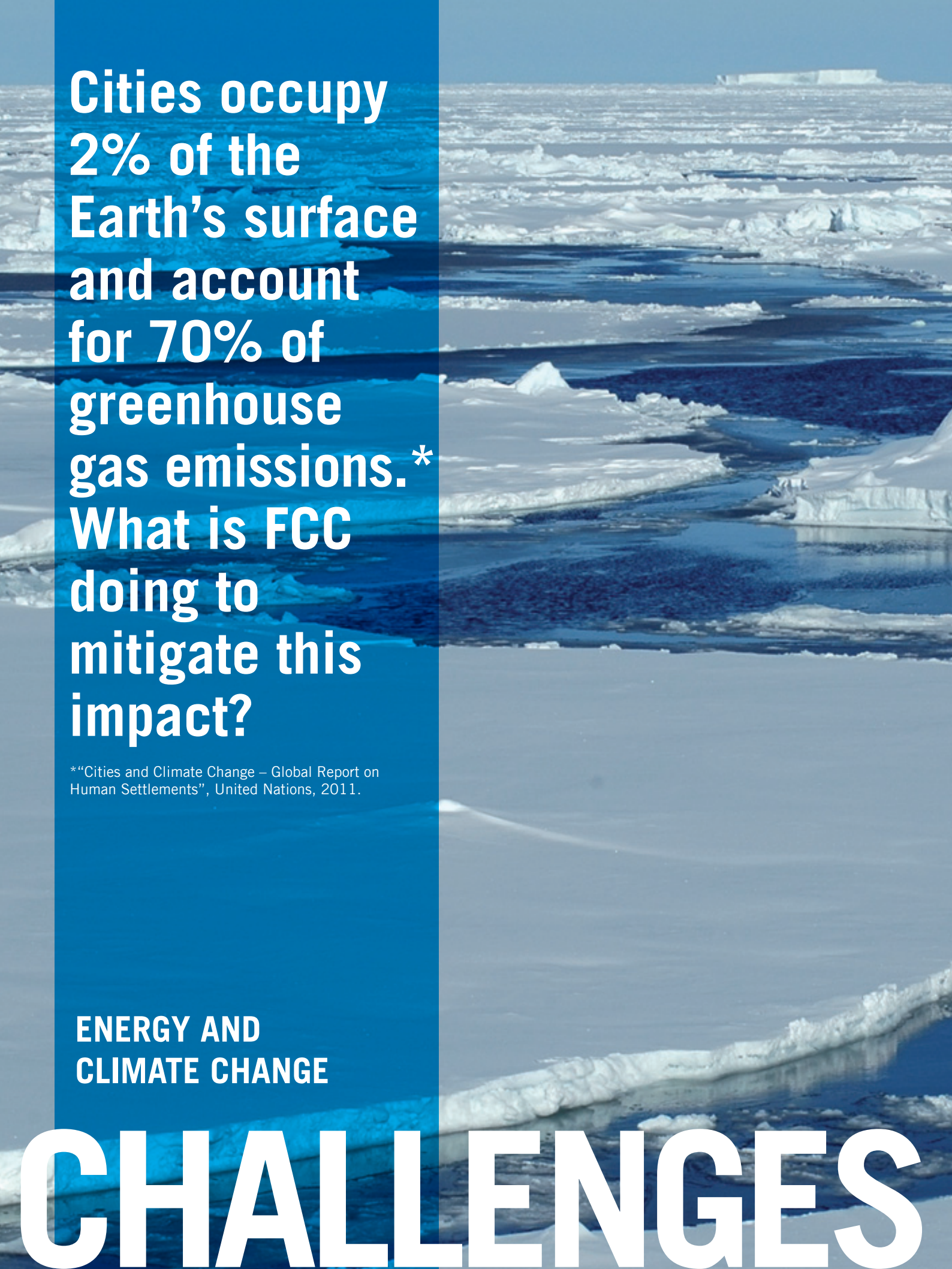
Inevitably FCC's activities do have a certain associated environmental impact. The most-intense impacts on the environment take place in the Cement and Construction divisions. To mitigate these divisions' disruption of the environment, the group is developing integrated management criteria for the restoration of affected spaces and for the fostering of biodiversity.

Cementos Portland Valderrivas mines for natural resources at quarries and gravel pits, some of which are located in or near protected areas or biodiversity-sensitive areas. The main impacts of mining are the alteration of habitats and ecosystems due to the space operations take up and due to blasting and ripping, crushing and transport. To attenuate these impacts, the company puts restoration plans in practice that enable the mined areas to be returned as closely as possible to their original condition. This is done at limestone quarries, where the materials are procured for making cement, and in the group's aggregate pits and quarries. In this sense, over the course of its projects, FCC engages in action to protect and improve the natural environment in the places where it works, in addition to promoting ecosystem and biodiversity preservation. The total area affected by Cementos Portland Valderribas' quarry and gravel pit operations in Spain, from the time it went into business to 2010, is 18,202,866 m^2. Of this area, 7,481,378 m^2 are fully restored (having reached the final phase of restoration), and 10,723,439 m^2 are under restoration or will be in future. FCC Construcción too took restoration measures, which it applied to a total area of 397,074 m^2.

FCC Construcción has an in-house guide entitled, "Basic Guide to Action in Protected Natural Spaces", which provides guidance for introducing good practices related with minimising the disruption of biological diversity, with the end goal of protecting all animal and plant species that might be disturbed.

Cities occupy 2% of the Earth's surface and account for 70% of greenhouse gas emissions.* What is FCC doing to mitigate this impact?

*"Cities and Climate Change – Global Report on Human Settlements", United Nations, 2011.

ENERGY AND CLIMATE CHANGE

CHALLENGES

"There is still a lot we can do to improve in the field of energy efficiency and CO_2 emissions reduction. Working for development in the field of energy generates more added value for the firm in the medium run".

Eduardo González Gómez
FCC Energía

"Our priority in the fight against climate change is two-pronged: making products that emit less CO_2 and generally entail a lower energy expenditure and less of an environmental impact, and working to adapt these products to adverse weather conditions or climate conditions that may change in future. This, in the end, makes for better citizen service".

José Ignacio Elorrieta
Cementos Portland Valderrivas

"The market perceives FCC as an eminently environmental company, which means they see us as a company that can take on complex challenges of this sort".

Luis Marceñido Ferrón
FCC Logística

A large share of the sources of the greenhouse gas emissions released in the upcoming decade will cluster in cities. Being part of the problem or part of the solution is not an option. The challenge is so big that that everyone who lives in, enjoys, works in or runs cities will have to band together.

For the FCC Group, there are two different areas of work in climate change. First, there is management and innovation to reduce greenhouse gas emissions in services, in materials and in operations. Second, it has become necessary to focus infrastructure building and the design of new materials on climate conditions that may vary considerably in future.

In the last few years, the FCC Group has stepped up its programmes to improve its energy efficiency, it has significantly encouraged investments in renewable energy, and it has participated more heavily in carbon-trading markets.

The company's efforts to reduce the carbon emissions associated with its business have stirred up some interesting synergies that make it possible to get the most out of the group's existing capacities. One example of this is the recovery of energy from waste containing biomass and other types of waste with the potential for high heating power. The technology for both options is widely implemented at FCC. The company also has power plants that generate energy from renewable sources, and it uses biofuels in a great many of its vehicles, thus avoiding emitting a significant quantity of GHGs into the atmosphere.

The FCC Group believes in eco-efficient cities, sustainable mobility and especially electric vehicles. All these points are already on the agenda of major companies and authorities.

We have 420.7 MW of installed wind-based generating capacity

We have generated 3,255 GWh of electricity through the recovery of energy from waste

In 2010 FCC Energía's activities avoided emitting 489,620 t CO_2eq

Despite the slight rise in power consumption since 2009, we have managed to rein our GHG emissions in to 2009 levels

Strategic Orientation

Reducing GHG emissions, managing carbon risks and committing to renewable energy are strategic objectives at FCC. They are all stated in the Corporate Responsibility Master Plan, whose strategic line of "care for the environment" calls for FCC to define policies, introduce procedures and boost innovation, in order to reduce the group's environmental footprint. Here are some of the foremost steps taken within the framework of the Sustainability Master Plan:

- Development of a protocol for quantifying GHG emissions throughout the group.

- Identification and assessment of the risks and opportunities associated with the new carbon markets.

- Development of programmes for reducing greenhouse gas (GHG) emissions generated both directly and indirectly in the group's various activities. Some of the more-important activities are the use of technologies to maximise energy efficiency, the use of less-polluting fuels, the capture of GHGs and the generation and use of renewable energy.

- Introduction of an energy management system and expansion of the perimeter covered by existing environmental management systems.

3.1 An Effective Strategy Based on Controlling Emissions

Effectiveness in combating climate change primarily requires the entire company to keep its GHG emissions under exhaustive control. This endeavour must spring from a detailed underlying knowledge of the sources of GHG emissions. Each year FCC updates its inventory of GHG emissions released by its production processes and thus pinpoints the characteristics of its emissions sources. The main sources of GHG emissions at FCC are, as said before, in the Cement and Environmental Services divisions, and it is there where the company focuses its efforts.

At FCC the strategy for minimising emissions is based on production process optimisation and on energy, which includes energy efficiency, the exploration and use of new fuels and alternative fuels, and the use and development of renewable energy sources.

3.2 Carbon Risks, a Priority in Our Businesses

A study was conducted in 2010 reviewing GHG emissions reporting and management systems with the objective of calculating the group's carbon footprint and analysing the main emissions vectors in order to link them with the strategic objectives of each business area. This work made it possible to tag the operational risks that pose the greatest threat, in terms of turnover and in financial terms. Furthermore, opportunities were identified from the standpoint of adapting businesses to new scenarios and the increase in the demand for services.

The paramount risks have to do with regulatory changes, the trend toward higher raw material prices and the higher frequency of extreme natural events. The opportunities, on the other hand, are related with, first, the improved energy efficiency of production processes in order to become more competitive ("doing more with fewer resources") and, second, the development of new products and services that can lead to increased turnover in some areas, especially the Energy area.

Another deduction drawn from the analysis is that the area perhaps most heavily affected is the Cement division, since it is the FCC Group's main source of emissions, and moreover it is subject to the European emissions rights-trading system, which is expected to become tougher in future.

Emissions (t)

$8 \cdot 10^6$

$1 \cdot 10^6$

Environment

Cement

- Aqualia
- Heavy construction
- Energy

Non-priority sector | High-priority sector creating diffuse pollution | Right-trading systems | **Future restrictions**
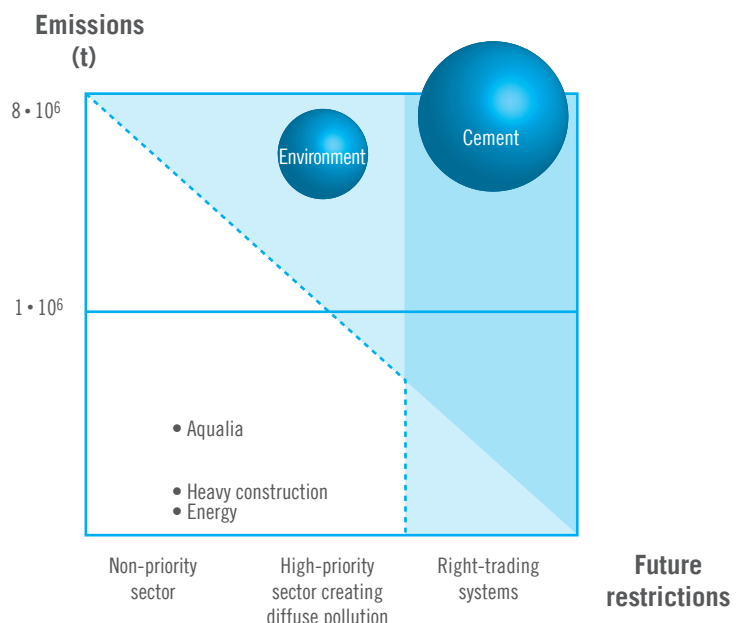
3.3 Reducing Emissions
In 2010 the FCC Group's GHG emissions amounted to 16,031,632 t CO_2eq, a figure that is slightly lower than it was in 2009. Specific emissions (MT CO_2eq/M€ turnover) were 1.31, up 2% since 2009.

The areas whose emissions are most important in relationship with the group's overall emissions are Cement and Services, respectively. For this reason the main emissions reduction initiatives spotlight these two areas.

GHG Emissions

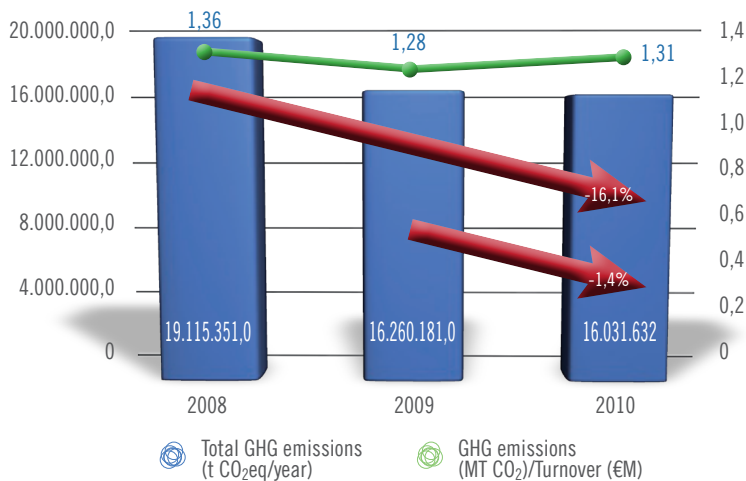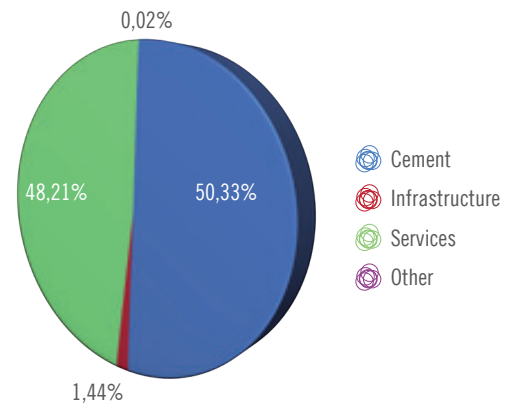|	2008	2009	2010
Total GHG emissions (t CO_2eq/year)	19.115.351,0	16.260.181,0	16.031.632
GHG emissions (MT CO_2)/Turnover (€M)	1,36	1,28	1,31

-16,1% -1,4%

Source of GHG Emissions

- Cement — 50,33%
- Infrastructure — 1,44%
- Services — 48,21%
- Other — 0,02%

Cement

The group's cement-manufacturing activity, which is one of its main sources of GHG emissions, is regulated by the Emissions Trading Directive. For 2008-2012 the group was assigned 7,763,269 t CO_2 per year for its cement factories in Spain.

During 2010 the decline in the cement business and the use of alternative fuels in kilns had the result of reducing emissions by 359,387 t CO_2, 4.8% less than the year before.

The GHG emissions released in the cement-manufacturing process have two origins. First of all, 60% of the emissions total is created in the decarbonation process whereby limestone ($CaCO_3$), which is the main material in cement, is transformed into calcium oxide (CaO) and carbon dioxide (CO_2).

The remaining 40% is produced in the combustion that heats the kilns to the high temperatures needed to activate the chemical reaction that forms clinker (the main component of cement). These emissions are therefore directly proportionate to the amount of fuel consumed and to the relationship between the carbon content and the heating power of the fuel.

The Cementos Portland Valderrivas Group has defined a strategy for mitigating GHG emissions. The strategy is aligned with the FCC Group's corporate strategy on combating climate change, and its foundations are:

1. Encouraging the replacement of natural raw materials by raw materials that have been fully or partially decarbonated (ash, slag, construction and demolition waste, etc.), to reduce the CO_2 emissions from sintering.

2. Fostering the replacement of fossil fuels by alternative fuels featuring 100% biomass (meat meal, wood waste, water treatment plant sludge, etc.) or a partial biomass content depending on the type of waste involved (the rest fraction of solid urban waste, disused tyres, cellulose waste, etc.) or other alternative fuels whose emission factor is lower than

CHALLENGES

A CLEAN VEHICLE FLEET

FCC has a fleet of approximately 21,500 vehicles, 22% more than last year, and they consume quite a considerable amount of fuel. Most of these vehicles belong to the waste management units, so they are the ones that lead the group's progress on the clean vehicle front.

The improvements in the vehicle fleet fundamentally focus on:
- Regular fleet renovation with new, more-efficient vehicles.
- Replacement of diesel-burning vehicles by vehicles that run on natural gas or electricity.
- Commissioning of hybrid and electric vehicles for the fleet.

Furthermore, new measures have been developed for reducing energy consumption by improving travel efficiency, using shorter routes and optimising the load per vehicle.

The Construction division is also engaged in important work to reduce GHG emissions. It is focussing on measures such as optimising shipping distances, reusing materials and using materials that are already close to sites.

The FCC Group runs its vehicle fleet using the Integrated Fleet Management System, which tracks the group-owned vehicles in terms of inventory, maintenance, registration in the Register of Shipping Companies, vehicle inspection and other points of interest. Thanks to this management system, vehicles are kept safer, more efficient environmentally and in top condition.

that of traditional fuels. An objective has been set in this sense: to increase the recovery of energy from waste through the replacement of fossil fuels by alternative fuels by 30% by the year 2013 in this division.

3. Honing energy efficiency, optimising clinker-manufacturing facilities to reduce specific consumption per ton.

4. Increasing the volume of additions in cement making, so as to reduce the amount of clinker per ton of cement manufactured.

5. Participating in projects for CO_2 capture and geologic storage, to analyse its feasibility in the cement sector.

The combined application of the first three possibilities of reducing emissions at the group's different factories has to help the group approach the benchmark figure for CO_2 emissions per ton of clinker (766 kg CO_2/t ck) by the year 2013, as established in the corporate emissions reduction strategy.

Moreover, the company is active in measures to adapt to climate change, research and the development of new products with specific features offering solutions for particular situations. Heavy-duty and fast-drying cements for use in areas exposed to extreme weather and natural catastrophes are two examples of such products. They will afford the company access to new market niches.

Torre Picasso, which is owned by FCC, is the first high-rise building in Madrid to install a recharging station for electric vehicles. The station is compatible with all makes and models.

Services

The main GHG emissions of the Services division come from waste treatment and disposal and the fuel used in urban service transport vehicles. In the case of urban waste landfills, the anaerobic reactions that take place as waste decomposes emit methane, a gas whose greenhouse effect is much stronger than CO_2's. Emissions of greenhouse gases (methane and CO_2) in landfills amounted to 4,628,953 t CO_2eq, 29% of the group's emissions. This figure underscores the importance of landfills as a source of emissions.

The FCC Group has lines of research devoted to reducing GHG emissions from these two important sources. First, by using greenhouse gases to replace fuels to generate heat and by using renewable energy sources. Second, by putting landfill gases to work.

3.4 Commitment to Renewable Energy
Renewable energy is one of the pillars of future growth for the FCC Group. The company is firmly committed to producing emission-free, inexhaustible energy that is not dependent on fossil fuels.

3.4.1. Renewable Energy Production
FCC has a recently created business division, FCC Energía, which covers the field of renewable energy, energy efficiency, combined heat and power and energy recovery from waste. This division has photovoltaic farms, wind farms, solar thermal plants and small hydroelectric plants with which it generates a large amount of electricity. By the end of 2010, FCC Energía had 691 MW of installed generating capacity, with which it generated a total of 918,884 MWh, as opposed to the little-more-than 850,000

Total Energy Consumption (GJ)

generated in 2009. Generating electricity this way avoided the release of 489,620 tons of atmospheric CO_2 emissions.

3.4.2. Consumption of Renewable Energy and Alternative Fuels
In 2010 2.3% of the total amount of energy directly consumed by the group was renewable energy.

The Cement division, which is the most-intensive energy consumer in the group, focused in 2010 on fostering the use of alternative fuels based on landfill waste (especially biomass) and on improving the cement-making process by using specific additives to optimise the ratio of clinker per ton of cement manufactured.

During 2010, thanks to the replacement of fossil fuels by biomass, the company avoided emitting 77,330 tons of CO_2eq.

CHALLENGES

THE WEDGE PROJECT:
TO HARNESS THE POWER OF THE WAVES

In 2010 a project was clinched making FCC Energía a partner in the development of a linear power generator harnessing wave energy. The association between Wedge (domestic technology) and FCC Energía aims ultimately at the development, installation and operation of wave farms to harness the power of the waves.

The objective of Wedge is to learn to harness wave energy by means of semi-submerged converter devices located far out to sea, several kilometres from the coast and therefore out of visual impact range. The project's framework idea is to develop and demonstrate efficient, competitive domestic technology featuring a great deal of added value.

The strategic objective is to obtain a saleable product (a comprehensive converter) by 2012 that can be positioned on the potential wave energy market as the standard-setting domestic technology, based on the commercial consolidation of this source of renewable energy at the international scale.

FCC Energía's participation in this project will enable the FCC Group to:
- Make wave energy part of its installed generating capacity.
- Participate actively in the development of a technology that is more profitable to run than current technology.
- Occupy an enviable position in the operation of Spain's very first industrial wave power facilities.

THE BUSINESS OF ENERGY EFFICIENCY

Late 2009 saw the creation of EFITEK ENERGÍA, a group-owned company whose main business is the development of energy efficiency projects and the rendering of energy services. The company will go into actual business in 2011 and will have lines of research devoted to innovation in renewable marine, wind, wave and geothermal power, plus other research related with electric vehicles, biomass and energy recovery. EFITEK ENERGÍA will be the umbrella company for FCC's research in the field of energy efficiency.

3.4.3 Clean Development Mechanism Projects
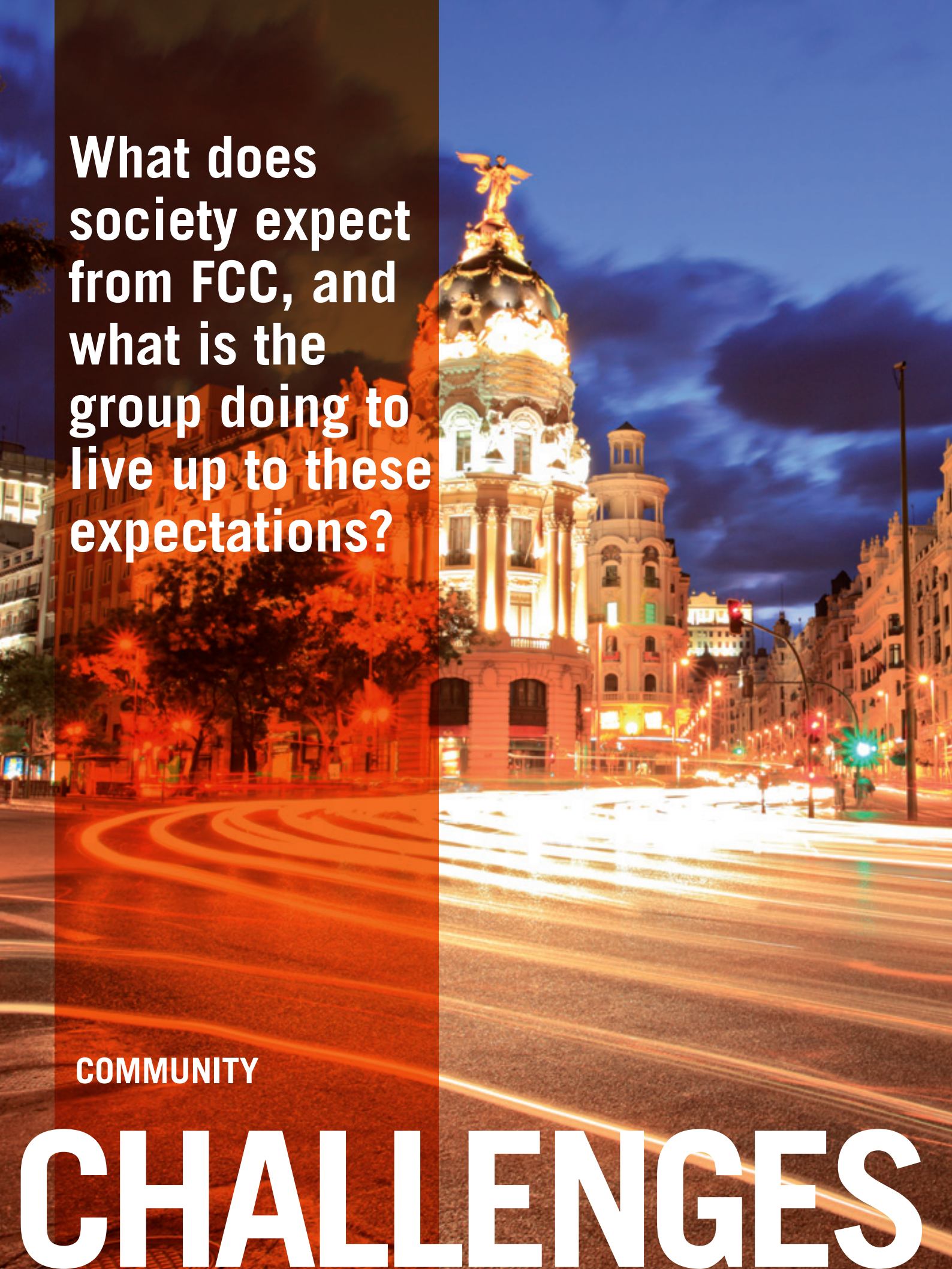
The FCC Group's GHG emissions reduction strategy also calls for the implementation of projects within the framework of the Kyoto Protocol's Clean Development Mechanism (CDM). CDMs are some of the flexible mechanisms established by the Kyoto Protocol to help developed countries comply with their GHG emissions reduction commitments. In addition, the projects create socially and environmentally sustainable profits for countries that engage in CDM initiatives. The FCC Group's CDM projects are being conducted in Latin America, through Proactiva Medio Ambiente.

In 2010 Proactiva Medio Ambiente had four CDM projects registered with the UNFCCC: in Mexico (the Mérida Project), in Argentina (the Fachinal Project), in Brazil (the Tijuquinhas Project, based on the capture, extraction and thermal destruction of biogas from sanitary landfills), and in Colombia (the Doña Juana Project, whose objective includes thermal destruction of biogas plus the use of biogas to generate heat and electricity). In addition, another three projects have their national approval letters and are now in the CDM validation stage: Querétaro (Mexico), Tlalnepantla (Mexico) and Presidente (Colombia). In addition, Proactiva Medio Ambiente is designing an eighth Clean Development Mechanism project, the La Yesca Project in Chile.

These eight projects can be estimated to involve 1,100,000 tons of CO_2eq emissions reductions per year.

On another front, Cementos Portland Valderrivas is indirectly helping to promote the Kyoto Protocol's flexible mechanisms through its participation in the Spanish Carbon Fund. It earned 12,709 emissions rights in 2010.

What does society expect from FCC, and what is the group doing to live up to these expectations?

COMMUNITY

CHALLENGES

"Satisfying our stakeholders is one of our priorities. That is why we do our best to incorporate their opinion into the implementation of our operations. We believe satisfying their demands makes the group as a whole better".

José Ignacio Elorrieta
Pérez de Diego
Cementos Portland Valderrivas

"As part of our activity, we also deal with environmental education for citizens, from childhood on up, through environmental awareness and education campaigns designed for school groups".

Eduardo Jiménez Andarias
FCC Medio Ambiente Internacional

Strategic Orientation

The FCC Group is a major generator of jobs, quality of life and wealth everywhere it does business. This is a responsibility and a promise that the company feels keenly, because FCC is convinced that, if societies are to progress, they require the cooperation of the public sector, the private sector and society at large. All three must work together to ensure that the market economy's huge capacity for creating wealth will reach all citizens. This is the reflection that lies behind the community-oriented initiatives of the FCC Group.

The company, and its stakeholders, expect the company to act ethically, with integrity and transparency, and to involve itself actively in the development of the communities it serves. The FCC Group's commitment in this sense takes the shape of different social projects and initiatives sponsored by each business division. The determination to launch initiatives that boost economic and social development and to protect and preserve environmental resources is part of the company's commitment to

corporate responsibility and sustainable development, and it has its roots in the FCC Group's business strategy.

The company's main community initiatives are supervised and approved by senior management and form part of the FCC Group's Strategic Plan. They include activities under the volunteering programme, accords and agreements with universities and other technical facilities, donations and support for different associations and institutions.

The FCC Group and its business areas engage in community action steered by a strategy that accentuates the importance of encouraging employees to participate in the company's projects. The basis for this attitude is the conviction that getting company staff involved in the company's community action projects is key to making projects a success. For this reason, the group has a corporate volunteering programme through which employees can participate in socially committed projects supported by the company.

The Board of Directors of FCC has established that one strategic objective of the group and its business areas is FCC's commitment to making its activities sustainable by supporting socially responsible actions. Accordingly, the company drew up the Corporate Responsibility Master Plan, which culminated in 2010. The Master Plan called for actions grouped into six strategic lines, one of which was corporate citizenship. The objective of corporate citizenship is to define a line of community action within FCC's strategy. The following are some of the actions taken in order to attain the objective:

- Establishment of a community action programme in line with the company's vision in corporate responsibility.

- Consolidation of the corporate volunteering programme launched within the group with the Esther Koplowitz Foundation; and expansion of the programme to cover new activities and workplaces, with the creation of an on-line platform for volunteers.

CHALLENGES

6.2 million invested in community action projects

100 employees participated in our volunteer projects

We set up active processes of dialogue with local communities

We are on the DJSI and the FTSE4Good

FCC educates more than 1,500 children in its environmental classroom, with a programme entitled "The Future of the Earth Is Sitting in the Classroom"

THE FCC GROUP ENGAGES IN COMMUNITY ACTION STEERED BY A STRATEGY THAT ACCENTUATES THE IMPORTANCE OF ENCOURAGING EMPLOYEES TO PARTICIPATE IN THE COMPANY'S PROJECTS

4.1. Community Action in Corporate Strategy

The FCC Group's social commitment initiatives boast a key source of strategic input: collaboration by the group's own employees. The company fosters a culture of cooperation and collaboration amongst its employees, so that people can share their knowledge and abilities and feel like part of the group's commitment to providing economic development and quality of life for the communities where it works.

The group engages in a diversified range of community action, since each business division has its own focus on the issue and conducts activities linked with its own business strategy.

The leading initiatives in 2010 included the fifth annual toy, clothes and food drive and the Fourth Annual Fair Trade Workshop (with the cooperation of Intermón-Oxfam). Both of these campaigns were run by Cementos Portland Valderrivas. The FCC Cement division contributed more than 0.8 million euro to different community projects in 2010.

FCC Medio Ambiente rolled out sustainable initiatives aimed at protecting the environment and promoting efficient resource use. These initiatives and the other community contributions it made have been valued as worth more than four million euro.

At Proactiva, there is the Escuelas Verdes ("Green Schools") Project in Buenos Aires, which encourages a culture of eco-efficiency in the city's schools by conducting activities involving waste sorting, water saving and energy saving.

4.1.1. Volunteering: When Employees Get Involved

The aim of corporate volunteering is to encourage employees to participate in community projects aimed at reducing inequality, poverty and the risk of social exclusion. In other words, corporate volunteering is a model in which companies, through participation by their own employees, furnish a citizen-based response to certain social needs.

The FCC corporate volunteering programme, FCC Volunteers, began its career in 2008. At that time it was fully

aligned with the objectives of the Esther Koplowitz Foundation, which does a fine job caring for society's neediest people, especially by building homes for elderly people and people with mental disabilities.

One special achievement this year was the consolidation of the cultural activity "Fridays at the Home". More than sixty leading figures of Spanish thought, business, science and academic life participated in visits under the programme, primarily at the Nuestra Casa home that the Esther Koplowitz Foundation built in Collado Villalba, Madrid.

FCC Volunteers pursues the objective of facilitating access to volunteering for the greatest possible number of group employees, in order to spur people into making a commitment to corporate responsibility and reinforce the feeling of belonging within the company. At the same time, the programme seeks to encourage employees to spend time on community projects, with the goal of boosting the value created by the company for society and people in difficulties. Volunteering projects deal with environmental education and cooperation activities and humanitarian response to emergencies.

As said before, each business area of the group develops its own programmes to foster social development, culture, sport and healthcare, depending on the specific demands of the communities with whom it works.

In 2010 447 people were assisted by the FCC Volunteers programme, and around 100 company employees participated in the programme.

The company has opened an Internet volunteering portal on the group's website, to announce the activities in the FCC Volunteers programme, the

projects under way, relations with the other organisations that contribute to FCC corporate volunteering and the calendar of events.

The Club of Excellence in Sustainability has chosen to enter the FCC Volunteers programme in its catalogue of good business practices in matters of corporate responsibility.

You can find more information about the FCC Group's community action at http://www.fcc.es/fcc/corp/esp/rc_as.htm.

4.2 Education, the Core of the Group's Community Action

Education is one of the critical factors for economic development and social progress in any community. It is therefore one of the basic lines of action in the FCC Group's social commitment activities. The group has educational activities designed especially for children and also does educational work at the university level.

The knowledge and experience of its employees are the primary asset in the

CHALLENGES

THE GROUP ENGAGES IN A DIVERSIFIED RANGE OF COMMUNITY ACTION, SINCE EACH BUSINESS DIVISION HAS ITS OWN COMMUNITY ACTION STRATEGY

company's educational projects. The group also participates in conferences, seminars and special one-time courses run by the educational institutions of the countries where the group does business.

Each business division can forge its own cooperation agreements with schools. Here are a number of the most-important agreements that were made:

◎ Cementos Portland Valderrivas participated in educational events at the University of Navarra, the Valdeola Public School (in Valdeola, Cantabria) and the Albero Public Secondary School in Alcalá de Guadaíra. It also participated in the first FCC Environmental Classroom event, at Sagrado Corazón School.

◎ FCC Construcción has agreements with a great many universities, schools, post-graduate schools and technology centres, where it offers student scholarships and supports different lines of research.

◎ aqualia signed agreements with universities and business schools and participated in one-off courses and other technical workshops. Executives from aqualia participated in the Advanced Programme in Managerial Development (PSDG), now in its second year, in cooperation with the University of Nebrija; the aim of the programme was to teach members of aqualia's management social and

business skills and lead them through team-building exercises.

◎ Cemusa cooperates in the TEC-MUSA Project (Technologies for Sustainable, Accessible Urban Mobility). It has developed a series of technologies as part of the project, for incorporation in passenger and goods vehicles, with low or zero emissions and advanced accessibility and client communication features.

◎ The Waste Recycling Group, too, has run projects in the area of education. The company designed a programme to teach children and young adults the important role of citizens in the recycling chain. The educational programme also included full information about the waste-recycling process.

The FCC Group has also rolled out an early childhood education project on environmental good practices and sustainability, entitled, "The Future of the Earth Is Sitting in the Classroom".

This educational programme, which has been implemented at various Madrid schools (including Sagrados Corazones School, Mater Salvatoris School and Orvalle School), has taught more than 1,500 students about these key topics for raising future generations' awareness.

4.3 A Company Doing Acknowledged Work in Sustainability

The work done by the FCC Group to help local communities, citizen wellbeing and the environment received numerous acknowledgements in 2010.

The group continues to be listed on the most-prestigious sustainability and responsible investment indices, such as the DJSI World and Stoxx, FTSE4Good

and FTSE Ibex, and every year it submits voluntarily to analysis under the Carbon Disclosure Project (CDP).

In 2010 the FCC Group received the Award of Excellence in New York for its sustainable rubbish collection project using electric/hybrid trucks smaller than usual, for use in hard-to-reach areas. It also won the 2010 Ciudadanos award and the Madrid Chamber of Commerce's award in the "Large Company" category for the group's environmental commitment. Furthermore, Ejecutivos magazine chose Baldomero Falcones, chairman and managing director of FCC, to receive its lifetime achievement award.

FCC's subsidiaries too received other awards and tokens of recognition for projects of various sorts, including environmental and social initiatives and achievements such as the quality of the services it provides.

You can find more information about the group's awards and acknowledgements of merit at www.fcc.es.

4.4 Impact of the FCC Group's Projects
The FCC Group is aware of its projects' social impact. Its activities are a source of wealth and jobs, and the infrastructure and services it provides help society move in the direction of progress.

However, there are some times when the group's activities may have a negative impact on host communities. The operations that pose the greatest risk of impact on local communities are the Cement division's mining operations and the activities of the divisions in the waste management business. Before beginning any project, the FCC Group conducts the appropriate environmental impact study and chooses the most

environmentally friendly of all possible alternatives. Moreover, some group companies engage in dialogue with local communities to find out their opinion and so adapt better to local stakeholders' needs and requirements.

In the social projects run by its business divisions, FCC does not just play the role of donor. FCC backs up the commitment to transparency and participation in all social projects. To do so, the group exerts supervisory powers and conducts regular reviews of each project by each division, to measure project scope and mainly to gauge the value created in projects that help community social development.

What do its employees mean to FCC, and what is the company doing every day to make itself a better place to work?
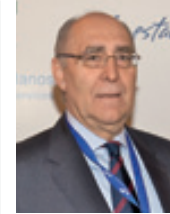
PEOPLE

CHALLENGES

"The talent of the people at FCC is not the only thing that sets us apart from the competition. There's also the feeling of belonging on the part of every single group employee".

Eric Marotel Guillot
Cemusa

"Technical capability is one of our mainstays. When we consider taking on a project, we know we can rely on technical back-up from the entire company, because we keep a team of high-quality professionals".

Javier Lázaro Estarta
FCC Construcción

"To get a toehold in business fields where we have yet to gain experience, we need to know we can count on the finest professionals. The technical capabilities of our people will make us stand out from the competition".

Eduardo González Gómez
FCC Energía

Strategic Orientation

The FCC Group is a great company thanks to the efforts, the commitment, the capability and the devotion of its employees. It is the people in the group who make it possible for the company ultimately to reach the ambitious objectives it has set for itself; it is the people in the group who continue creating value for shareholders and for society as a whole. Having the finest team on the company's side is a strategic priority of the first water, so, it is an equally high-ranking strategic priority to make the FCC Group a better and better place to work.

The company is currently engaged in implementing the Strategic Plan on Human Resources, whose objective is to make the FCC Group the standard setter in terms of people management. FCC means to offer attractive, stimulating careers, and it means to use its ability to attract and retain talent and to manage knowledge, equality and

diversity as stepping stones to make its vision come true.

The company's position in terms of diversity and equal opportunities is a telling point. Diversity is something that enriches the company, and it creates synergies that boost know-how and therefore can build competitive advantages. Equality is woven into the corporate culture, and it is strengthened by the implementation of actions tailored to suit each business division.

Good occupational health and safety are another of the identifying features of FCC. The OHS results the group reports are proof, as they demonstrate the gradual decline in occupational accident indicators.

At the end of fiscal year 2010, FCC had 90,013 workers employed in 54 countries.

The Board of Directors of FCC has established that one strategic objective of the group and its business areas is to make its activities sustainable by fostering socially responsible actions. For that purpose, the company drew up its Corporate Responsibility Master Plan, which culminated in 2010. The Master Plan grouped actions into six strategic lines. One of the lines is people management, which envisions:

◎ Giving the best people reasons to stay at FCC and attracting talented new people.

◎ Defending and truly applying the principle of equality for men and women.

◎ Creating channels for ongoing improvement and productivity.

◎ Increasing the integration of minority groups in the culture, relations and processes of the group and its environment.

CHALLENGES

◎ 90,013 people work at FCC

◎ We have successfully reached every accident reduction objective

◎ 858,529 hours of training provided in 2010

◎ We invested more than 15 million euro in training in 2010

5.1 Talent Attraction and Retention
One of the factors that sets successful companies apart is that they attract and retain the finest talent. This is a priority for the FCC Group. That is why the 2009-2011 Strategic Plan on Human Resources contains specific actions designed to attract and retain talent, to strengthen motivation and the feeling of belonging and to expand the international vision of the people in the group. The following are some of the actions stated in the plan:

◎ Encouragement of overall internal mobility.

◎ Consolidation of a result-oriented management culture.

◎ Development and integration of compensation and benefit policies and models.

◎ Strengthening of the training processes shared by the different business areas.

◎ Introduction of a system for analysing potential and succession plans for key posts.

◎ Definition of managerial competences for FCC.

FCC has a Screening and Employment Department, which handles employee screening processes. In 2010 FCC received more than 41,000 CVs and performed more than 725 screening processes.

To promote internationalisation, the group has two specific programmes, the Recruiting Erasmus Programme and the FCC-Alpine Programme. The first is designed to attract professionals who have studied in an international environment, and the second, to headhunt civil engineers who are proficient in English and German.

The FCC Group also has a complete programme of cooperation with universities, through which new graduates are ushered into the working world. In 2010 179 interns began their careers at an FCC Group company.

Similarly, the group has been regularly introducing internal mobility plans and actions to boost motivation and recognition of the value of the company's culture. The internal mobility project offered a total of 141 mobility opportunities. Furthermore, 1,488 employees earned promotions, 6% more than the year before.

Moreover, more than 200 people from the group were assigned to work outside Spain for job-related reasons. Local hiring, one objective of the Strategic Plan on Human Resources, accounted for around 60% of the new hires registered in 2010.

5.2 Development of Human Capital and Knowledge Management
Offering careers and development opportunities that are attractive to the finest professionals on the market is one of the company's objectives.

Workforce by Gender and Geographical Area

	Men	Women
Total	70,816	19,197
Spain	42,052	14,193
Rest of EU	21,162	4,186
Latin America	2,398	245
USA	1,109	209
Rest of the world	4,095	364

Workforce by Gender and Job Category

	Men	Women
Senior management and management, departmental managers, service and site managers	3,176	1,045
University graduates, section managers, business managers, workshop managers and qualified personnel	5,928	1,671
Technical and administrativeassistants and middle management	4,885	5,165
Workers and subordinates	56,828	11,316

Workforce by Age Bracket

Age	Count
16-18	333
19-24	3,828
25-29	8,580
30-35	12,715
36-40	13,674
41-45	14,201
46-50	13,631
51-55	11,149
56-60	7,811
61-65	3,885
Over 65	206
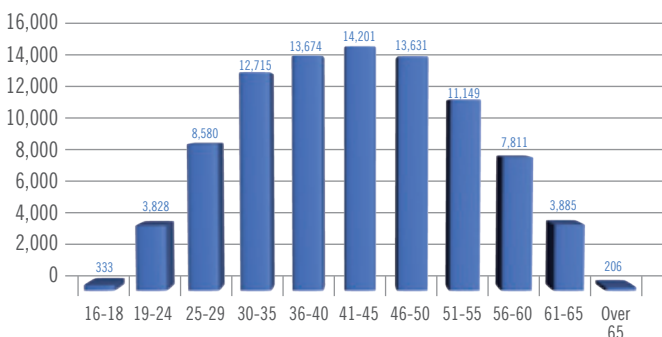
Voluntary Termination by Gender and Geographical Area

	Men	Women
Rest of the world	647	11
USA	80	18
Latin America	808	53
Rest of EU	823	262
Spain	1,923	682
Total	4,281	1,026
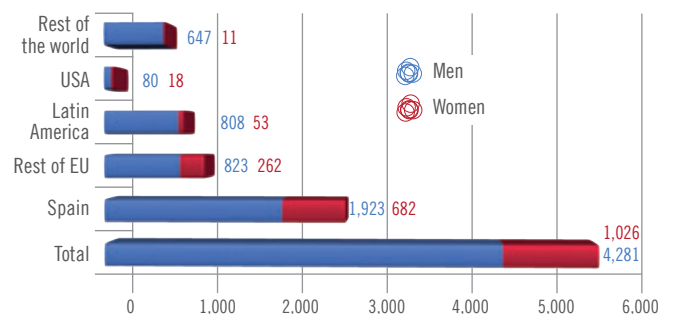
CHALLENGES

Workforce by Gender and Contract Type

Legend:
- Men
- Women

Indefinite term	Temporary	On assignment
5,579 (Women)	2,835 (Women)	10,782 (Women)
26,228 (Men)	7,862 (Men)	36,727 (Men)
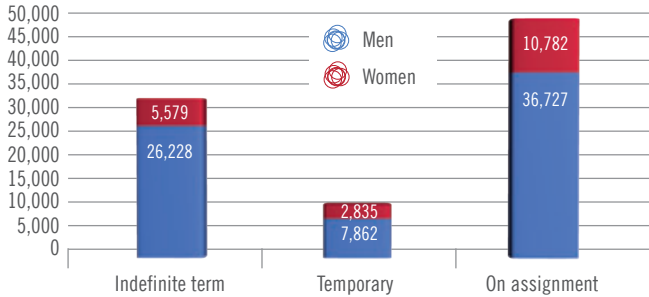
Training Provided by Gender and Job Category (hours)

Legend:
- Men
- Women

	Total	Senior management and management, departmental managers, service and site managers	University graduates, section managers, business managers, workshop managers and qualifie personnel (men/women)	Technical and administrative assistants and middle management	Workers and subordinates
Women	223,072	12,339	50,422	94,285	66,026
Men	635,457	51,157	106,006	181,103	297,191

The Strategic Plan on Human Resources has brought with it the introduction of a model for an organisational structure based on responsibilities and competences, plus the integration of compensation and benefit policies and models. The plan also set the objective of strengthening training as a path toward qualification and full career development.

In implementation of the model for an organisational structure based on responsibilities and competences, in 2010 the model of managerial competences used in Span was redefined. Work is being done to redefine the overall model of competences for other collectives, both domestic and international. In addition, the FCC Group is currently deeply involved in the process of redefining its systems for evaluating overall performance, with the goal of making the systems fit for use with all employees. The model will be based on a yearly process of objective planning, tracking and performance evaluation. The objective is to improve the contribution people make to the company's objectives and facilitate career growth.

The work done in 2010 in connection with the compensation and benefit policies and models included the Job Assessment Project. This project consists in analysing the contribution each job makes to the organisation and classifying jobs according to their organisational content. The objective is to create an instrument to help manage the design of the organisational structure, the classification system and wage policy. Within the framework of this plan, in 2010 the domestic executive levels were assessed, the first full plan was closed and the new plan for 2011 to 2013 was defined.

For training purposes, the group has its own corporate university, the FCC Corporate University. This institution was created to help develop individual and collective talent, improve knowledge management and foster a feeling of belonging and pride in belonging, thus spreading FCC's culture and values.

Moreover, the group has the Overall Training Model, supported by each business area's training plans. The Overall Training Model, in which the most-prestigious business schools

are participating, seeks the following objectives:

◎ To preserve and spread the group's know-how, culture and values.

◎ To align training with the needs generated by the business areas' strategies.

◎ To share knowledge and experiences that ought to be part of each employee's job.

To supplement each business area's training plans, there is a Corporate Training Plan that covers all subjects that ought to be shared by and mainstreamed through all division training plans: training for the management team, training in the culture and values of FCC, training in corporate processes, training in skills and competences, language training and office machinery training.

In 2010 the group provided a total of 858,529 hours of training (35% more than in 2009) for more than 131,500 participants (33% more than in 2009), with a total investment of €15,469,992 (10% more than the year before).

5.3 Diversity and Equal Opportunities
Diversity, equal opportunities, non-discrimination and the elimination of all kinds of harassment are principles and rules that form part of the company's set of ethical values. The FCC Group fully ensures that it manages diversity with respect, tolerance and equality. Its commitment to diversity is embodied in many things, including the creation of jobs amongst collectives threatened by social exclusion.

The FCC Group has 1,042 employees with some degree of disability on its workforce, and it has signed an accord with the ONCE Foundation calling for 150 people with disabilities to come on board over the next three years. It has also signed other agreements with different organisations, under which the group will be welcoming people who stand at the risk of social exclusion (such as members of certain youth collectives and women victims of gender violence) onto its workforce.

The company has continued implementing the equality plans accorded with the leading trade unions in previous fiscal years, by rolling out specific actions on issues such as access to jobs, promotion, training

The Human Resources Master Plan was established for the 2008-2010 period and included objectives using figures for the year 2007 as the baseline

Leave of Absence Due to Occupational Accident

Year	Value
2007	4,308
2008	3,603
2009	3,225
2010	3,179

-26%

HR Master Plan reduction objective: -8%
Note: Data for Spain.
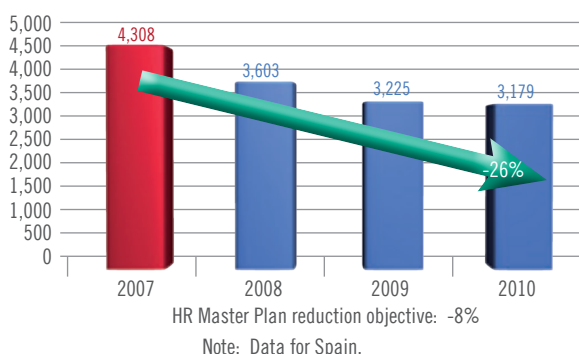
Working Days Lost Due to Occupational Accident or Illness

Year	Value
2007	109,196
2008	103,539
2009	95,220
2010	95,254

-13%

HR Master Plan reduction objective: -8%
Note: Data for Spain.

Frequency Index

HR Master Plan reduction objective: -15%

Note: Data for Spain.
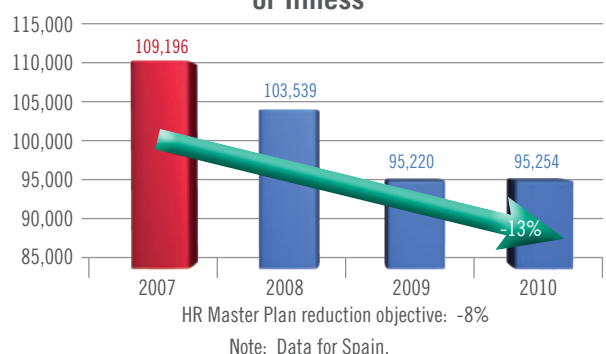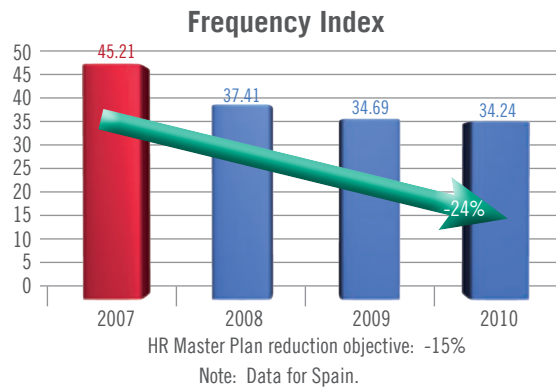
and reconciliation. Also, new equality plans were negotiated at Flightcare and Cemusa, two of the companies in the group.

Furthermore, to manage equality and diversity as concepts mainstreamed into all corporate activities, the company has created and launched the Equality and Diversity Management Team. The members of the team are the people responsible for the implementation of equality plans at each of the firms and business areas of the group, plus the Corporate Labour Relations Management Office, which drives and coordinates equality and diversity policies. The team's main function will be to create synergies amongst the different divisions, so that certain merit-worthy actions can be extended to all business areas.

In the equality area, another major development was FCC's adherence to the Women's Empowerment Principles developed by the United Nations Global Compact. The goal of the principles is to strengthen women's participation in all realms of economic life. The company also supports other initiatives, such as the Spanish Ministry of Health, Social Policy and Equality's campaign against gender violence and the awareness campaign run by the NGO Save the Children.

In addition, FCC has a protocol for suspected cases of mobbing. The

protocol is triggered automatically by any report or sign of poor practice in this regard. During 2010 13 harassment proceedings were opened (one for sexual harassment, eleven for mobbing and one for harassment for reason of sex). In ten of these, it was found that there was no harassment and the proceedings were closed. The remaining three proceedings were still pending a decision at the end of fiscal 2010.

5.4 People's Participation in the Organisation

Active dialogue with employees is of vital importance in order to learn about their concerns, expectations and issues. For this reason, participation and dialogue are two things the company is committed to, two of its trademarks in people management. The group actively encourages in-house communication amongst employees and between employees and the company. The various actions targeting internal communication form part of the strategy designed for banding employees together for a common project, forcing recognition of the value of FCC's organisational culture and providing tangible proof of FCC's information and managerial transparency.

In 2010 Internal Communication Responsibility was created, whose main objective is to spur actions concerning communication and specific in-house service, which in turn are deployed in

the Human Resource Management Office's first Communication Plan. The Communication Plan establishes the strategies and master lines that make it possible to activate and disseminate goals, objectives and projects and to develop a network for communicating and spreading messages to everybody in the group.

One of the main communication activities done internationally in this sense was the first FCC Global HR Encounter, held in 2010. In attendance were the top officers in charge of human resources at all group firms and businesses. The point of the encounter was to share knowledge and experiences and to provide synergies in a framework of global work.

Internal Communication runs awareness campaigns and collaborates and participates in various social and professional causes and commitments the group shoulders through the Corporate Management Office for Human Resources. It also serves the function of putting information of interest where employees can easily find it, especially information, messages, policies and strategies directly related with how the firm is managed and what kind of professional environment people are expected to work in. The following occupational health and safety actions took place under this plan:

- FCC in-house newsletter and FCC Intranet: Creation of the "Wellbeing" section, for messages and information concerning occupational health and safety.

- Creation of the Prevention Mailbox for FCC personnel to use.

- Liberalisation of access to the Occupational Risk Prevention Portal.

- Creation of the Road Safety Portal, targeting road safety at work and elsewhere.

Similarly, the FCC Group's strategy actively fosters collective bargaining and participation in conferences and activities run by trade union organisations and federations. The FCC Group keeps channels open for dialogue with union representatives, and all organisational changes are

reported to union representatives at the earliest opportunity. In Spain the entire workforce of FCC is covered by either sector-specific or company-specific collective bargaining agreements.

5.5 Health and Safety, One of Our Priorities

Maintaining a safe, healthy working environment is one of FCC's strategic corporate priorities. The company makes a continuous effort to uphold and strengthen its culture of prevention, with the ultimate objective of zero accidents. The different areas of the FCC Group cooperate actively to share experiences and make sure that knowledge of best practices is spread amongst the different businesses.

Responsibility for health and safety in the FCC Group rests with the Corporate Management Office for Human Resources. This office is tailored to fit the organisation's complex structure, taking account of management areas, types of business activity, corporate departments and perimeters of action.

The FCC Group's commitment to occupational health and safety can be seen in the continuous increase in the number of group companies that have been certified by independent outside authorities as complying with OHSAS 18001. In 2010 a total of 196 group firms (approximately 64% of the company's activities) were certified under OHSAS 18001.

Altogether, in 2010 more than 340,000 hours of health and safety training were given to more than 75,000 participants, with an estimated investment of €5,184,000.

Occupational accident figures have adhered to their trend toward improvement in comparison with previous years. This positive development is in part due to the actions and programmes mainstreamed throughout the

organisation, exemplified by FCC's study of individual protective equipment and its Communication Plan on health and safety.

Joint Work with Outside Institutions

FCC does an active part in promoting and spreading the culture of health and safety and good health and safety practices. It shares its knowledge of the subject at different forums, with organisations and associations devoted to promoting good management practices. The company participates in campaigns, workshops, forums and dissemination work as a member of AESPLA (the Spanish Association of Occupational Prevention Services). On the sector level, FCC holds a seat on SEOPAN's Safety Committee and chairs the European Construction Industry Federation's Safety Committee.

Cementos Portland Valderrivas participates in associations such as Oficemen, the Cement and Environment Labour Foundation, Anefa and Anefhop, in working groups that examine accident indicators and establish preventive action plans to eliminate the causes of accidents.

Another strategic activity for FCC is the 2010-2015 Strategic Plan on Road Safety, which is the company's response to the social and career problems brought on by road accidents.

In 2010 the FCC Group tackled another problem issue in the field of occupational health and safety, alcohol and drug consumption. The company put its effort to prevent the consumption of alcohol and/or other drugs into the form of a programme, under which the company implemented action plans based on three stages: awareness, detection and control, and intervention.

2010-2015 STRATEGIC PLAN ON ROAD SAFETY

The FCC Group wants to be part of the solution to the problem of road accidents, an extremely distressing social problem. The company has developed a plan that addresses some issues related directly with the group's activity and other issues that go beyond that. The development and introduction of this plan is a true reflection of the company's new spirit of rendering citizen services.

The plan will cover the more-than-90,000 employees of the FCC Group and will directly affect more than 200,000 people (including clients, suppliers and employee relatives). It will also have a strong repercussion on the FCC fleet, which numbers more than 21,500 company-owned vehicles.

The following are some of the foremost actions in the Strategic Plan on Road Safety:

- Occupational Risk Prevention Plan for Road Safety: To reduce the number of occupational accidents/ traffic accidents. While on the job and on the way to and from work.
- Driver Health Plan: To reduce the risk attributable to the mental conditions, physical conditions and behaviour of the human factor.

- Road Safety Plan: To disseminate, foster and support training, educational and informative activities about driving as part of comprehensive citizen education. Special education for staff members with disabilities.
- Road Mobility Plan: To promote safe, civic-minded, responsible, sustainable social habits in travel. Quality of life.

For smooth performance of the plan, responsibilities have been assigned in the organisation, and the operational means necessary (such as the FCC-net portal, graphic arts resources and audiovisual resources) have been facilitated.

Similarly, the company has joined outside initiatives created by important institutions, such as the European Road Safety Charter, a European platform that forms part of the Road Safety Action Plan backed by the European Commission and the Spanish Directorate-General of Energy and Transport. In becoming a member, FCC undertook to take specific steps and to evaluate the results it attains, becoming fully engaged with the objective of reducing traffic accidents.

Economic Indicator	Unit	2010	2009	2008
Net turnover	Million euro	12,114	12,700	14,016
Gross operating profit. EBITDA	Million euro	1,435	1,485	1,741
Net operating profit. EBIT	Million euro	774	790	947
Operating cash flow	Million euro	1,011	1,602	1,105
Cash flow from investments	Million euro	[576.6]	[843.1]	[1.501.80]
Project backlog	Million euro	35,309	34,548	32,707
Economic value generated	Thousand euro	12,595,094	13,168,696	14,016,295
Economic value distributed by the FCC Group	**Thousand euro**	**11,838,304**	**12,378,357**	**14,016,295**
Supplies (suppliers of materials and services)	Thousand euro	5,608,776	6,126,122	6,987,241
Wage costs	Thousand euro	3,300,764	3,296,522	3,260,766
Corporate income tax	Thousand euro	80,048	1,145,229	94,294
Interest and profit/(loss) on exchange	Thousand euro	-451,752	405,027	-
Dividends paid to shareholders	Thousand euro	201,23	228,198	368,960
Economic contribution in corporate citizenship	Thousand euro	6,200	7,200	-
Significant government financial aid received	**Thousand euro**	**38,665**	**63,576**	**85,692**
Environment	Thousand euro	580	14,534	18,236
Versia	Thousand euro	-	405	396
Construction	Thousand euro	4,112	44,554	63,953
Industrial Waste	Thousand euro	6,467	-	-
Water Management	Thousand euro	20,922	-	-
Cement	Thousand euro	6,585	4,083	3,107
Activity certified as ISO 9001-compliant	**%**	**86.6**	**83.0**	**-**
Construction	%	100.0	90.0	-
Cement	%	88.0	90.0	-
Real Estate (Torre Picasso)	%	100	100	-
Environment, Spain	%	87.2	88.0	-
ASA	%	95	50	-
WRG	%	0.04	-	-
Proactiva Medio Ambiente	%	40	50	-
aqualia	%	89.86	93.4	-
FCC Ámbito	%	88.0	75.0	-
Versia	%	76	79.0	-
Client satisfaction	0 - 10	-	-	8.1
Procurement	**Thousand euro**	**2,186,770**	**2,181,971**	**-**
Cement	Thousand euro	571,300.0	585,000.0	-
Construction	Thousand euro	862,747.8	2,389,393.0	-
Real Estate (Torre Picasso)	Thousand euro	_	9,948.4	-
Services	Thousand euro	853,738.9	1,170,977.2	-
Energy	Thousand euro	-	3,033.0	-
Total procurement using local suppliers	%	68.3	64.6	-

Ethics and Integrity	Unit	2010	2009	2008
Communications received over the Code of Ethics Channel	No.	3.0	-	-
Number of people who have received training in the Code of Ethics	No.	9,390.0	-	-

Efficiency and Technology	Unit	2010	2009	2008
Investment in RDI	Thous.nd euro	11,379	23,621.8	29,009.1
Environmentally certified activity (ISO 14011, EMAS)	%	74.0	72.0	72.0
SO_2 emissions	kg	14,575,803	34,416,347.8	5,254.1
NO_x emissions	kg	24,452,470	35,901,557.1	22,499.9
Particle emissions	kg	510,893	26,798,919.0	1,200.1
Materials consumed	tons	124,873,722.7	274,510,813.0	102,654,753.0
Materials used that are recycled input materials	%	13.6		
Water consumed	**m³**	**18,741,762.9**	**18,982,500.0**	**17,200,863.0**
Recycled water consumed	m³	2,253,057.3	2,467,725.0	2,538,536.8
Surface water consumed	m³	4,268,260.1	4,935,450.0	5,968,469.1
Underground water consumed	m³	1,030,034.0	1,138,950.0	2,362,912.3
Municipal water consumed	m³	5,610,195.0	7,213,350.0	4,272,605.5
Water consumed from other sources	m³	5,580,216.5	3,227,025.0	74,790.0
Wastewater discharged	m³	2,612,830.4	4,540,370.0	4,094,766.0
Wastewater treated	%	99.3	98.5	-
Total waste created	**tons**	**10,277,579**	**23,394,425.0**	**29,660,336.0**
Non-hazardous waste created	tons	10,101,417	23,193,232.9	29,615,845.5
Hazardous waste created	tons	176,162	201,192	44,490.5
Hazardous waste managed				
Collected	tons	1,018,223	884,580.0	-
Treated/disposed of	tons	1,010,465	637,383.0	-
Shipped to recycling facility	tons	32,630	26,697.0	-
Shipped to recovery facility	tons	33,155	25,488.0	-
Shipped to incineration facility	tons	8,429	5,693.0	-
Shipped to landfill	tons	271,350	355,074.0	-
Shipped to physical/chemical treatment facility	tons	108,826	121,530.0	-
Shipped to stabilisation facility	tons	419,437	262,589.0	-
Other management solutions	tons	136,638	39,771.0	-
Non-hazardous waste managed				
Collected	tons	21,621,728	23,167,778.0	2,137,709.0
Treated/disposed of	tons	17,962,530	11,319,578.0	6,306,597.0
Shipped to recycling facility	tons	1,597,741	2,083,423.0	661,151.0
Shipped to composting facility	tons	1,792,504	2,706,991.0	33,238.0
Shipped to recovery facility	tons	249,069	756,010.0	-
Shipped to incineration facility	tons	483,463	299,504.0	-
Shipped to landfill	tons	13,304,830	16,437,155.0	4,763,325.0
Other management solutions	tons	534,923	1,250,588.0	2,041.0

INDICATORS

Energy and Climate Change	Unit	2010	2009	2008
Total GHG emissions	t CO_2 eq	16,031,632	15,628,776	19,115,351.0
Direct GHG emissions	t CO_2 eq	14,702,036	14,792,252	18,476,829.0
Indirect GHG emissions	t CO_2 eq	1,329,595	836,524	-
Heat and electricity generated using alternative sources	GWh	6,090.6	4,403.5	3,557.7
Energy consumed directly	**GJ**	**51,316,981**	**44,484,423**	**55,047,984.0**
Renewable energy consumed	GJ	2,270,967	4,251,929	-
Non-renewable energy consumed	GJ	49,046,014	40,232,494	-
Energy consumed indirectly	**GJ**	**10,780,156.6**	**7,169,623.2**	**8,967,113.5**
Electricity consumed	GJ	10,765,954.8	7,116,928.9	-
Energy consumed in the form of steam	GJ	14,168.9	7,645.6	-
Energy from other sources	GJ	33.0	9,159.9	-
Vehicle fleet	**No.**	**21,500**	**16,690**	**-**
Diesel vehicles	%	88.18	88.9	-

Community	Unit	2010	2009	2008
Investment in community action/corporate citizenship	Million euro	6.2	7.2	-

People	Unit	2010	2009	2008
FCC Group workforce data (FCC Group employees)				
Number of hours worked	Hours	158,499,187	151,591,744	115,184,057
Number of leaves of absence due to occupational accident (except accidents on the way to and from work and cardiovascular causes)	No.	6,312	6,348	4,122
FCC Group workforce data (FCC Group employees + subcontractor employees)				
Number of hours worked	Hours	181,988,581	178,512,610	144,208,851
Number of leaves of absence due to occupational accident (except accidents on the way to and from work and cardiovascular causes)	No.	6,878	6,869	4,748
Fatalities due to occupational accident				
FCC Group total (FCC Group employees + subcontractor employees)	No.	18	19	14
FCC Group employees	No.	11	7	6
Subcontractor employees	No.	7	12	8
Ratio between standard wage and minimum wage (Spain)		-	3.1	-
Employees (participants in training activities) who have received occupational health and safety/risk prevention training	No.	75,054	63,989.0	58,230.0
Employees (participants in training activities) who have received human rights training (corporate responsibility + Code of Ethics)	No.	11,810.0	1,959.0	680.0

FCC Corporate Social Responsability

People	Unit	2010	2009	2008
FCC Group accident indices (FCC Group employees, domestic and international)				
Frequency index		40.31	42.02	35.86
Severity index		0.87	0.87	1.00
Occupational accident impact index		77.20	79.57	68.46
Index of absenteeism		7.07	7.31	
FCC Group accident indices (FCC Group employees + subcontractor employees)				
Frequency index		38.22	38.59	32.98
Severity index		0.82	0.80	0.86
Occupational accident impact index		72.12	72.91	62.02
Index of absenteeism		6.12	6.24	-
FCC Construcción accident indices (FCC Construcción employees)				
Frequency index		47.99	51.77	21.11
Severity index		0.72	0.66	0.58
Occupational accident impact index		97.74	101.06	42.44
Index of absenteeism		4.08	4.09	-
FCC Construcción accident indices (FCC Construcción employees + subcontractor employees)				
Frequency index		41.28	41.42	21.05
Severity index		0.64	0.55	0.46
Occupational accident impact index		78.90	80.13	39.69
Index of absenteeism		2.96	2.86	-
FCC Group subcontractor accident indices				
Frequency index		24.12	19.38	-
Severity index		0.46	0.39	-
Occupational accident impact index		41.78	36.16	-
Index of absenteeism		0.37	0.35	-

Shareholders and investors

Community

Employees

Clients, users

Subcontractors, suppliers

Government,
regulating authorities

Media

Multisector group:
Employers' associations, other associations,
labour unions, observatories, forums,
universities, business schools, etc.
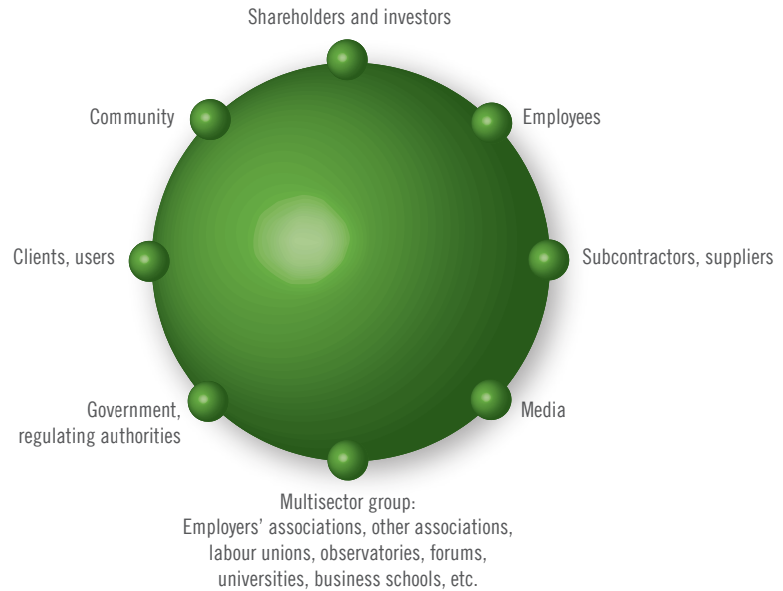
Support for Dialogue

FCC upholds a strategy of dialogue and cooperation with its stakeholders by implementing communication platforms making it possible to forge a closer relationship with stakeholders. FCC participates actively in initiatives that help improve the visibility of the group's activities and results and increase stakeholders' understanding of what the group is doing.

Communication with Stakeholders

The strategy for dialogue with stakeholders is supported by all the organisation's business divisions. Consultation enables FCC to identify stakeholders' main concerns with respect to the company. Generally speaking, stakeholders are primarily concerned about the following: communication with the local community, internal communication, quarry restoration, commitment to local society, local jobs, career development, climate change,

alternative fuels, health and safety, the supply chain, community action, social benefits and equity, RDI management, the integration of the disabled and green investments.

Moreover, the group uses a range of different communication channels that enable it to propose activities and initiatives, listen actively and respond to the demands put forward by each activity's inherent stakeholders. The best example is the corporate website, which is the main channel FCC uses to deliver information to its stakeholders. The website reports the group's performance and most-important activities. In 2010 an average of 67,000 hits per day were registered at the website.

In addition to the website, the group's divisions engage in ongoing dialogue with stakeholders throughout the year, through consultation sessions, e-mails, newsletters and magazines, specialised publications and works completions surveys, to name just a few channels.

FCC Construcción's own website (www.fccco.es) registered an average of 325 hits a day, whilst its intranet received an average of 3,100 employee hits a day.

For its part, Cementos Portland Valderrivas factors its stakeholders' opinions into group decision making through the Bitácora ("Log") Project, which calls for meetings or dialogue sessions to be held with employees and with representatives of society at large, where they can air their interests and demands. The project, now in its fourth year, reports participation by close to 600 representatives of its stakeholders at 11 different locations. Cementos Portland Valderrivas also has its own website (www.valderrivas.es).

WRG encourages the formation of a community liaison committee for each site of important operations. Each committee includes representatives of the local community and discusses operational questions regularly. Moreover, for major projects, WRG works with the local community to decide on sites before applying for building permits.

Shareholders and Investors
In 2010 the Stock Exchange and Investor Relations Department coordinated 303 meetings, 17% more than the year before. The company held a great many roadshows in Spain (Barcelona) and abroad (London, Paris, Geneva, Toronto, New York, Vienna, Zurich, the Netherlands, Frankfurt), in addition to four reverse roadshows. Furthermore, there were investor breakfasts, Investors' Day events and meetings at central business offices.

Moreover, the corporate website has an exclusive section for shareholders and investors, containing pertinent information on the company's economic performance.

Employees
The primary tool for communication with employees is the corporate intranet, FCCnet, although some business divisions do have their own intranet. Since 2009 employees have had the Employee Portal, whose contents are designed specifically for employees. The portal has proved itself an effective tool for in-house communication, since 58% of all hits accessing intranet contents were made through the portal. The group's intranet registered an average of 7,890 hits a day in 2010. Moreover, the company periodically calls employees in to inform them in person about various matters, and employees have the Ethical Channel, another internal tool for communication between employees and the company.

Average Daily Hits at FCCnet, by Month

⊚ Internal access   ⊚ Access over the Internet
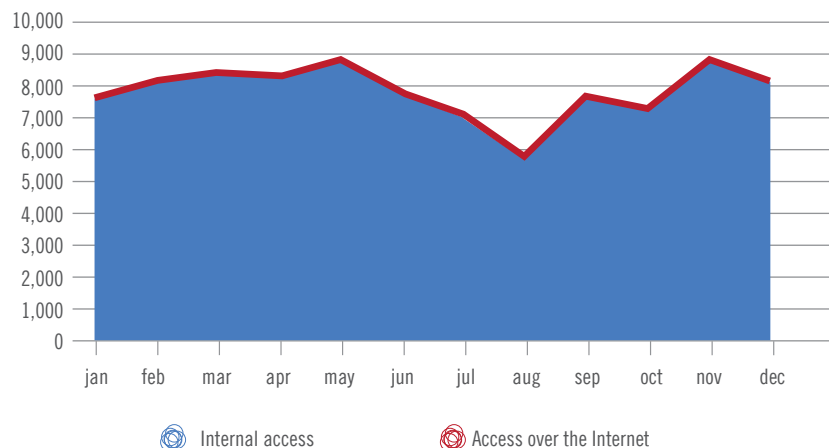
Additionally, the group has launched its on-line periodical "Red de Comunicación" ("Communication Network"), which has received more than 20,000 hits. It has improved communications for employees who do not have on-line access by setting up information stations at their workplaces. These stations have distributed altogether more than 2,000 posters bearing the main headlines from "Red de Comunicación" in Spanish. The headlines are also translated into seven languages.

Suppliers and Contractors

How suppliers and contractors behave is vital for ensuring compliance with the commitments the FCC Group has shouldered. Therefore the company strives to bring their behaviour into line with FCC's corporate objectives. Training activities and awareness campaigns conducted for suppliers and subcontractors aim, amongst other things, to convey an accurate idea of the importance of complying with the FCC Group's policies and rules.

Public Administrations and Regulatory Authorities

Group companies frequently participate in sector self-regulation initiatives and in the development of new legislation concerning the company's areas of activity. All the business areas in the FCC Group have introduced voluntary measures to uphold the highest production and service standards in their different areas of activity.

FCC and Its Relationship with Its Clients

Quality Management

The FCC Group's direct clients are public administrations, private institutions and private citizens. The objective of FCC is to perform its contracts to the letter, upholding high quality standards, but also bearing always in mind the satisfaction of citizens. They are the people who ultimately use the finished project.

Each company in the group has quality management systems in place that comply with UNE EN ISO 9001, the standard of top repute in quality management. In 2010 86.6% of the total activities of the FCC Group were certified as compliant with ISO 9001.

Communication with Clients

The group's different activities have very firmly established quality management systems to guarantee the quality of products and services. With the goal of attaining higher and higher levels of reliability and quality each day, FCC keeps in constant contact with clients through various channels that enable the company to analyse the pertinent information and act accordingly. Generally all business areas use traditional communication channels as well as non-traditional channels, such as regular visits, technical workshops, meetings and specific information posted on the website.

Because each client is different, each company has its own means of communicating with its clients. For example, FCC Construcción has a designated client facilitator, who is in charge of suggesting points where the client and FCC might work together and handling suggestions from the client. The client facilitator processes the information gathered in client meetings and later apprises clients of the action taken as a consequence of their suggestions and contributions.

Proactiva Medio Ambiente has customer service offices in every country where it is involved in commercial water management (Mexico, Colombia, Ecuador and Peru), call centres to handle requests made by telephone, on-line contact over web pages and e-mail, in addition to the normal channels, through which the company collects suggestions and complaints from its users. Additionally, it has made mobile units available in Ecuador to provide customer service in outlying areas around cities, and it conducts community customer service programmes, such as the "Proactiva en tu Barrio" ("Proactive in Your Neighbourhood") initiative in Colombia.

Customer Satisfaction

Con objeto de conocer la opinión de los In order to ascertain what customers think about the services they receive and the improvements they feel necessary, the

group conducts satisfaction surveys in its different business areas. The objective of FCC satisfaction surveys is to learn clients' opinions and satisfaction ratings in regard to completed projects and to identify the primary points that could be improved in future projects. In 2010 the satisfaction surveys showed levels between "good" and "excellent", which was in line with the findings of previous years.

Life Cycle of Products and Services
Generally speaking, the life cycle of each of the products and services FCC offers passes through the following stages:
- Product concept development: RDI.
- Certification, manufacturing and production.
- Marketing and advertising.
- Storage, distribution and supply.
- Use and service.
- Disposal, reuse or recycling.

Depending on the type of activity involved, services are evaluated to check whether they have any effects on employee health and safety. Project, however, due to their nature, are regarded as not having any impact of note on client health and safety, so projects are not subjected to evaluations of this sort.

Presence in CSR Associations and Forums

In 2010 FCC continued participating and involving itself in sector-specific associations and forums that deal with CSR, such as ASEPAM (the Spanish Network of the United Nations Global Compact), the Club of Excellence in Sustainability, Forética, the CSR Committee of CEOE (the Spanish Confederation of Business Organisations), the National Council on Companies' Social Responsibility (CERSE), the Pro-Climate Madrid Forum and the Carolina Foundation. FCC's interest in good corporate governance is evinced by its presence in working groups of Spanish issuers of securities and its action as an advisory member of the Financial Studies Foundation's study of the state of affairs in Spain.

FCC has been lobbying for SEOPAN, the employers' association for the construction sector, to create a committee to coordinate, follow up on and update CSR in the sector.

This conviction about the importance of CSR issues is one reason FCC why joined CERSE.

Moreover, each business area belongs to associations covering the sectors in which they do business, through which they contribute their experience and knowledge to others.

AQUALIA, ALWAYS AT CITIZENS' SERVICE: AQUALIA'S VIRTUAL OFFICE, "AQUALIAONLINE"

aqualia wants to continue improving its customer service, and it wants to be able to tend to its clients' needs and wants anywhere and everywhere. One of the initiatives it has taken in this direction is aqualiaonline, aqualia's virtual office.

Through aqualiaonline, clients can get a number of different things done concerning their water supply service, without having to go to an aqualia office. The portal allows clients to sign up for service, pay their bills on line, cancel their service, turn in meter readings, ask questions and file complaints, with the guarantee that their personal data are secure at all times.

By the end of 2010 19,596 clients had registered with the virtual office, and a total of 14,664 client operations had been performed, of which 14,283 were applications or requests and 381 were complaints.

This channel of communication joins other, already-existing resources, such

as the Customer Service Office and the aqualiacontact call centre.

aqualia, standing firm in its commitment to quality and customer service, innovates to satisfy citizens' demands by adapting the way it manages things to embrace the possibilities afforded by new technologies.

Applications Submitted Through the Virtual Office in 2010
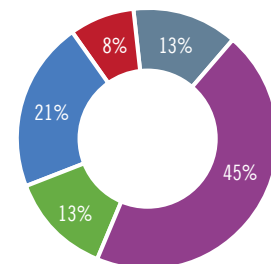
- 45% Change in subscriber particulars
- 21% Electronic bills
- 13% Questions and suggestions
- 13% Meter readings
- 8% On-line payment

The Corporate Responsibility Report is addressed to the stakeholders of the FCC Group. The group's stakeholders contribute decisively to FCC's knowledge and understanding of the issues that interest and concern the company, so stakeholders are a key factor in how the group is managed and how much social trust it earns. Their response to these issues and the materiality study performed in 2010 are used to orient FCC's focus on corporate responsibility and ensure that the public information the group releases to its stakeholders is material information.

In the process of preparing this report, the international standards drawn up by the Global Reporting Initiative (GRI-G3.1) were used, and the AA1000-series standards defined by AccountAbility were taken into account.

Stakeholder Participation and Determination of Materiality

Determining what issues are really material is especially important in the current economic context, where an equilibrium is sought amongst economic, social and environmental factors. For this purpose, during 2010 FCC carried out the following processes:

Materiality Study
In order to learn what issues are regarded as important for the FCC Group, in 2010 the company carried out a materiality study. The study threw light on those factors in the realm of corporate responsibility that are truly significant for the FCC Group.

The materiality analysis included a review of the investment policies of the leading institutional investors; an analysis of the good governance, social and environmental proposals made at meetings of the shareholders of the lead company; a review of documents from significant organisations specialising in sustainability; a study of the FCC Group's public appearances in the press; and a qualitative analysis of the information published by important competitors.

The topics to be analysed were grouped into nine categories: climate change, the environment and biodiversity, RDI, communities and social investment, ethics and integrity, human rights, corporate government, people, and health and safety. For each of these issues, after an exhaustive analysis, a series of key topics was found that have been incorporated to some extent in this report.

Stakeholder Participation
The FCC Group encourages its stakeholders to participate over the communication channels that have been set up for that very purpose. The "Dialogue and Participation" section of this report gives a detailed analysis of these paths of communication, through which the group gathers valuable information.

Additionally, the FCC Group encourages relationships with experts and institutions in a great many areas of importance for the company. These relationships, which run the gamut from mere dialogue to actual joint work, help the company sift out issues that prove to be material.

PANEL OF EXPERTS

In order to gain first-hand knowledge of the opinions and views of different stakeholders about the FCC Group's business approach to its new position as a citizen service group, the company called in a large number of experts from different fields to give their opinions on this and on their view of the medium- and long-term evolution of urban populations. The expert guests came from many different fields, such as public administration, private enterprise and the media. The variety of viewpoints expounded at the meeting of experts was highly useful for focusing this report on certain points and for gaining first-hand knowledge of these experts' opinion of FCC's business.

A New Image for a New Position

The participation and analysis processes have made it possible to identify the material points, risks and opportunities to put on the FCC Group's corporate responsibility agenda.

With the goal of more effectively accommodating its stakeholders' demand for information, the FCC Group has significantly remodelled the look and contents of the Corporate Social Responsibility Report since 2009. The new outline is part and parcel of the company's repositioning itself to centre on the "citizen services" concept.

The report reflects FCC's performance overall, furnishing information on a consolidated, group-wide basis. This approach obeys the company's new strategy, in which all its business groups address their activities with a single objective: to provide citizens with service. Leading examples from certain business divisions have been included when they are thought to be useful for illustrating certain issues.

However, because of the diversity of the actions the group engages in, the report contains a section offering readers specific information about the most-important business divisions. This information includes some of the most-salient indicators for each area.

Because the report contains information about the company's overall focus on affairs related with sustainability, sometimes certain information that might prove useful is left out. In these

cases, any readers wishing for further information are invited to visit the corporate website.

Scope of the Report

The perimeter this report covers is the group's perimeter of financial consolidation.

As a result, some of the environmental data on the domestic business done by FCC Medio Ambiente in 2009 (in which operational control was a criterion) have been reformulated.

The environmental data do not include the activity of the Alpine construction company.

Information Quality

The object of this report is to bring to public knowledge issues and indicators that have been identified as material and that enable the expectations of the group's stakeholders to be satisfied by duly informing the decision-making process.

The reporting process was guided by the principles established by the Global Reporting Initiative in its G3.1 Guide to reflect quality information (table with the index of G3.1 content available at www.fcc.es). The 2010 Corporate Responsibility Report offers a balanced, comparable, accurate, reliable, regular (annual), clear view of the group's economic, social and environmental performance.

Reliability
The FCC 2010 Corporate Social Responsibility Report was verified by KPMG in accordance with ISEA 3000.

SELF-DECLARATION ON THE G3 SCALE

	C	C+	B	B+	A	A+
Self-declaration						→
External verification						→
GRI review						→

United Nations Global Compact

In 2010 the FCC Group continued firmly to support the ten principles of the Global Compact. These principles concern human rights, labour, the environment and the fight against corruption. The group has been a member of the Spanish Global Compact Association, ASEPAM, since 2007. The primary objective of ASEPAM is to support, promote and spread the incorporation of the ten principles into the strategic view taken by companies.

As a token of its firm support for the ten principles of the Global Compact, the FCC Group includes in all its contracts with suppliers a clause, approved by the Steering Committee, obligating all suppliers and contractors of the FCC Group to know the group's Code of Ethics and to comply with the ten principles of the Global Compact. This clause is a guarantee for the group that its suppliers enforce the principles.

Global Reporting Initiative™

Declaración de Control del Nivel de Aplicación de GRI

Por la presente GRI declara que **FCC** ha presentado su memoria "Informe de Responsabilidad Social Corporativa 2010" a los Servicios de GRI quienes han concluido que la memoria cumple con los requisitos del Nivel de Aplicación A+.

Los Niveles de Aplicación de GRI expresan la medida en que se ha empleado el contenido de la Guía G3 en la elaboración de la memoria de sostenibilidad presentada. El Control confirma que la memoria ha presentado el conjunto y el número de contenidos que se exigen para dicho Nivel de Aplicación y que en el Índice de Contenidos de GRI figura una representación válida de los contenidos exigidos, de conformidad con lo que describe la Guía G3 de GRI.

Los Niveles de Aplicación no manifiestan opinión alguna sobre el desempeño de sostenibilidad de la organización que ha realizado la memoria ni sobre la calidad de su información.

Amsterdam, 24 de mayo 2011

Nelmara Arbex
Subdirectora Ejecutiva
Global Reporting Initiative

G A+ GRI REPORT GRI CHECKED

Se ha añadido el signo "+" al Nivel de Aplicación porque FCC ha solicitado la verificación externa de (parte de) su memoria. GRI acepta el buen juicio de la organización que ha elaborado la memoria en la elección de la entidad verificadora y en la decisión acerca del alcance de la verificación.

Global Reporting Initiative (GRI) es una organización que trabaja en red, y que ha promovido el desarrollo del marco para la elaboración de memorias de sostenibilidad más utilizado en el mundo y sigue mejorándola y promoviendo su aplicación a escala mundial. La Guía de GRI estableció los principios e indicadores que pueden emplear las organizaciones para medir y dar razón de su desempeño económico, medioambiental y social. www.globalreporting.org
Descargo de responsabilidad: *En los casos en los que la memoria de sostenibilidad en cuestión contenga enlaces externos, incluidos los que remiten a material audiovisual, el presente certificado sólo es aplicable al material presentado a GRI en el momento del Control, en fecha 19 de mayo 2011. GRI excluye explícitamente la aplicación de este certificado a cualquier cambio introducido posteriormente en dicho material.*

Informe de Revisión Independiente para
la Dirección de Fomento de Construcciones y Contratas, S.A.

Hemos realizado una revisión de la información no financiera contenida en el Informe de Responsabilidad Social Corporativa de Fomento de Construcciones y Contratas, S.A. (en adelante FCC) del ejercicio cerrado a 31 de diciembre de 2010 (en adelante, "el Informe"). La información revisada se circunscribe al contenido referenciado en las secciones denominadas Dimensión Económica, Dimensión Ambiental y Dimensión Social del Índice GRI referenciado en el capítulo del Informe titulado Cómo se ha elaborado el Informe.

La Dirección de FCC es responsable de la preparación y presentación del Informe de acuerdo con la Guía para la elaboración de Memorias de Sostenibilidad de Global Reporting Initiative versión 3.1 (G3.1) según lo detallado en el capítulo del Informe titulado Cómo se ha elaborado el Informe. En dicho capítulo se detalla el nivel de aplicación autodeclarado, el cual ha recibido la confirmación de Global Reporting Initiative. La Dirección también es responsable de la información y las afirmaciones contenidas en el mismo; de la determinación de los objetivos de FCC en lo referente a la selección y presentación de información sobre el desempeño en materia de desarrollo sostenible; y del establecimiento y mantenimiento de los sistemas de control y gestión del desempeño de los que se obtiene la información.

Nuestra responsabilidad es llevar a cabo una revisión limitada y emitir un informe independiente basado en el trabajo realizado. Nuestro trabajo ha sido realizado de acuerdo con la Norma ISAE 3000, *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, emitida por el International Auditing and Assurance Standard Board (IAASB) y también de acuerdo con las directrices establecidas por el Instituto de Censores Jurados de Cuentas de España. Estas normas exigen que planifiquemos y realicemos nuestro trabajo de forma que obtengamos una seguridad limitada sobre si el Informe está exento de errores materiales y que cumplamos las exigencias en materia de independencia incluidas en el Código Ético de la *International Federation of Accountants* que establece requerimientos detallados en torno a la integridad, objetividad, confidencialidad y conductas y calificaciones profesionales.

Un encargo de revisión limitada de un informe de sostenibilidad consiste en la formulación de preguntas a la Dirección, principalmente a las personas encargadas de la preparación de la información incluida en el Informe, y en aplicar procedimientos analíticos y otros dirigidos a recopilar evidencias según proceda a través de los siguientes procedimientos:

- Entrevistas con el personal pertinente de FCC, sobre la aplicación de las políticas y la estrategia en materia de sostenibilidad.

- Entrevistas con el personal pertinente de FCC responsable de proporcionar la información contenida en el Informe.

- Análisis de los procesos de recopilación y de control interno de los datos cuantitativos reflejados en el Informe, en cuanto a la fiabilidad de la información, utilizando procedimientos analíticos y pruebas de revisión en base a muestreos.

- Lectura de la información incluida en el Informe para determinar si está en línea con nuestro conocimiento general y experiencia, en relación con el desempeño en sostenibilidad de FCC.

- Verificación de que la información financiera reflejada en el Informe ha sido extraída de las cuentas anuales de FCC, auditadas por terceros independientes.

El alcance de los procedimientos de recopilación de evidencias realizados en un trabajo de revisión limitada es inferior al de un trabajo de seguridad razonable y por ello también el nivel de seguridad que se proporciona. Este informe no debe considerarse un informe de auditoría.

Nuestro equipo multidisciplinar ha incluido especialistas en el desempeño social, ambiental y económico de la empresa.

En base a los procedimientos realizados, descritos anteriormente, no se ha puesto de manifiesto ningún aspecto que nos haga creer que los datos recogidos en el Informe de Responsabilidad Social Corporativa de Fomento de Construcciones y Contratas, S.A. del ejercicio cerrado a 31 de diciembre de 2010 no hayan sido obtenidos de manera fiable, que la información no esté presentada de manera adecuada, ni que existan desviaciones ni omisiones significativas, ni que el Informe no haya sido preparado, en todos los aspectos significativos, de acuerdo con la Guía para la elaboración de Memorias de Sostenibilidad de Global Reporting Initiative versión 3.1 según lo detallado en el capítulo del Informe titulado Cómo se ha elaborado el Informe.

En otro documento, proporcionaremos a la Dirección de FCC un informe interno que contiene todos nuestros hallazgos y áreas de mejora.

KPMG Asesores, S.L.

José Luis Blasco Vázquez

24 de mayo de 2011

FCC

Citizen Services

www.fcc.es