

CSR



CORPORATE SOCIAL RESPONSIBILITY REPORT 2011

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INTERVIEW CSR



FCC GROUP: TAKING A LEADING ROLE IN TODAY'S CHANGES

INTERVIEW WITH BALDOMERO FALCONES

The FCC Group has been providing company services to citizens for over 100 years. How do you make this aspect compatible with today's current need for constant change?

The renewal of the company's values in 2011 has been a very interesting and enriching reflection exercise. At FCC we are very clear that our mission is to help create environments for citizens that will make their lives easier, healthier, more comfortable and, ultimately, fulfil the collective desire for a more sustainable development. These renewed principles have much to do with the fact that FCC is considered a referential company for a long time: we want to do things well; we carry out our activities with integrity; we use resources efficiently; and we try to work closely with citizens so we can take their expectations and needs into account in our decision-making.

FCC wants the principles of integrity, efficiency, proximity and doing things well to be reflected in its daily work. But how do you see the company's long-term future?

We are facing new social challenges that influence the style of business and how it is developed. The short-term limited access to capital we are experiencing is on a scale similar to what will happen to the use of natural resources in the medium term. We believe that FCC is well-prepared to face both challenges. We have a proven track record as designers of solutions capable of transforming urban communities into efficient and sustainable environments.

What actions are being considered by FCC in order to develop these future sustainable opportunities?

Global demand for infrastructures, services and renewable energy (FCC's business activities are concentrated on these sectors) is huge and unlimited. Our vision is to focus the Group's strengths on taking advantage of the opportunities for profitable growth generated by these three areas of activity. In 2011, we took stock of the activities in our Corporate Responsibility Master Plan 2009 – 2010 in order to determine where we were and the paths to be taken to become the sustainable citizen services company that truly responds to the needs of the cities of the future.

This prior work led to our Third Master Plan 2012 – 2014, which sets out actions, responsibilities, objectives and timelines, all grouped under three headings: 1) connecting with citizens, to transform citizens into the protagonists of a sustainable city; 2) intelligent services, to develop solutions in the sustainable urban communities of the future;

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and 3) exemplary behaviour, that should position FCC as a point of reference in integrity and business ethics. These three principle areas will define all the company's activities.

How does a company as diversified as FCC coordinate its corporate responsibility strategy among its businesses?

FCC's business and geographical diversification is one of our hallmarks, and we believe that in the long-term it is optimal from the standpoint of creating value for the shareholder, although it is true that it does entail some difficulties in terms of defining lines of work related to corporate responsibility. That is why our Master Plan 2012 – 2014 is the backbone of the company's global corporate responsibility strategy, to be carried out through activities coordinated in different corporate areas such as committees focusing on corporate responsibility, climate change, risks and innovation.

One of the outstanding features of your corporate responsibility strategy is how it connects the business with the sustainable trends and needs of the cities of the future. What role do citizens play?

Cities already house most of the world's population, and our priority is to design activities and services that give real answers to the needs that ensure the sustainability of infrastructures, services and community consumption patterns. In order to succeed in this great challenge, we cannot disregard citizens' hands-on knowledge. At FCC we want to know how to interpret, from our businesses' point of view, the changes that are generating – particularly in urban areas – the energy, social and demographic scenarios that are emerging in this new century. We are setting up communication channels in the cities we serve so that citizens can be our main allies in this great effort. We want to promote activities that improve the sustainable development of cities, engaging citizens in developing innovative solutions, making our know-how available for the implementation of local development programmes and establishing citizen platforms to identify and develop sustainable ideas.

FCC's commitment to transparency and integrity are well-known as a result of its presence in various leading forums in this field and the actions undertaken within the company. What is it that sets FCC apart in this regard?

It is true that there have been several significant events in this area in line with our strong commitment to integrity, a policy that has been driven by our majority shareholder. We renewed our Code of Ethics in 2011 in order to unify and strengthen the identity, culture and behaviour guidelines of the FCC Group. We have also developed a Crime Prevention and Response Manual. Adapting the Code to



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the recent reform of the Spanish Criminal Code, its application to all employees and adjusting the company's ethics programme to the Federal Sentencing Guidelines, along with the application of our Code of Ethics to our supply chain, all this represents a benchmark for the industry.

The fight against climate change is already on the agenda of big companies. How is FCC facing this challenge?

The climate change challenge is a fact that will no doubt transform our society. Up until now we were focused on how to reduce greenhouse gases, but we must also begin to see the need to work on adapting them. We have recently set up a Climate Change Committee to continue learning and to implement actions that help us to be better prepared, not only from the standpoint of it as a risk but also as a business opportunity. The reduction of these emissions will, besides generating benefits for people, provide opportunities for new services and products.

In terms of environmental issues, one of FCC's commitments is to sustainable management of urban waste. What activities is FCC carrying out in this field?

We believe that sustainable management is closely linked to innovation. We invest significant financial and human resources in R & D & i; in 2011 these amounted to over 16 million euros. These projects are focused primarily on developing the strategic backbone of our intelligent services aimed at mitigating and adapting to climate change. Some examples are hybrid-electric vehicles used to collect urban waste, crop plantations in the UK designed to produce biofuels, or the All-Gas project that uses wastewater to cultivate microalgae for biodiesel production.

We have just come to an end of what has been a difficult year from a macroeconomic perspective. What was 2011 like for FCC, and what are the expectations for the upcoming years?

Once again, we have had to manage the Group within an international economic context full of uncertainty, especially with regard to the Euro Zone's ability to overcome the crisis that became apparent 4 years ago now. Due to our corporate principle of being close to the communities where we operate, we are concerned with the increased unemployment levels in some of the countries where we are present. Globally, we have put in a lot of effort to maintain employment levels to the extent that at the end of 2011, FCC slightly increased the number of employees, although it is true that this is the consequence of setting up businesses in new countries, which has compensated contractions

experienced in some of our domestic markets. In general terms, the crisis is a threat as well as an opportunity to accelerate the Group's transformation process and its adaptation to the new economic and social circumstances. To this end, we are going to persevere with our main strategies: more internationalisation, financial stability, efficient policies and to defend the way we do business close to peoples' needs and in harmony with the environment.

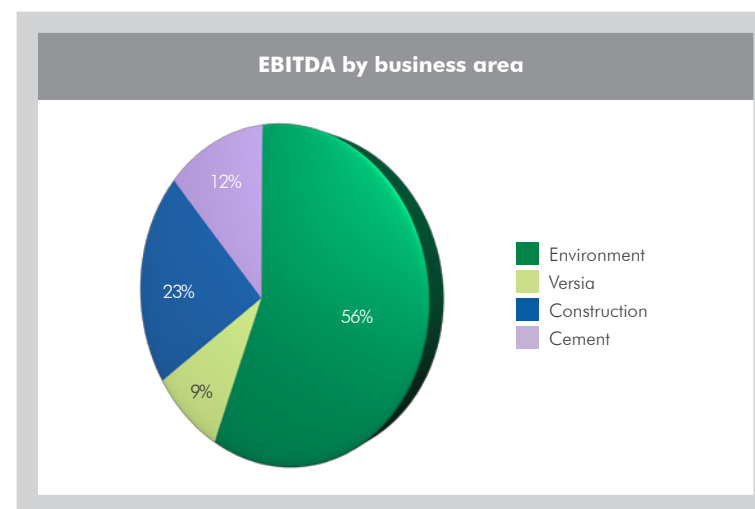
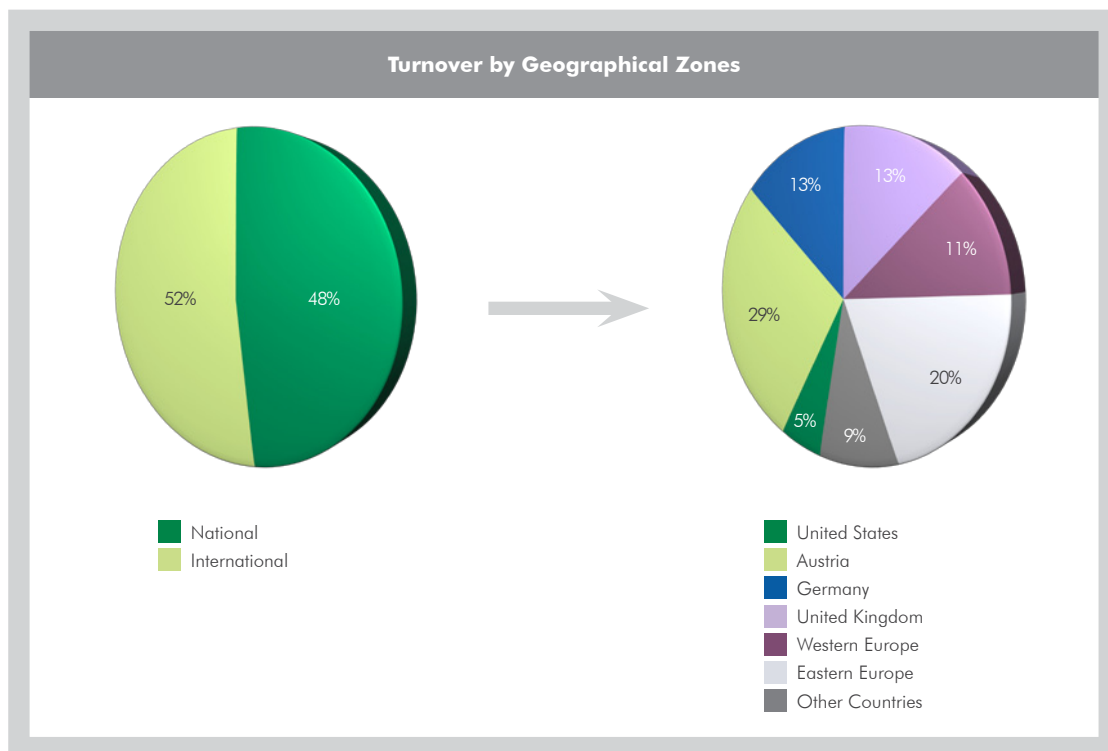
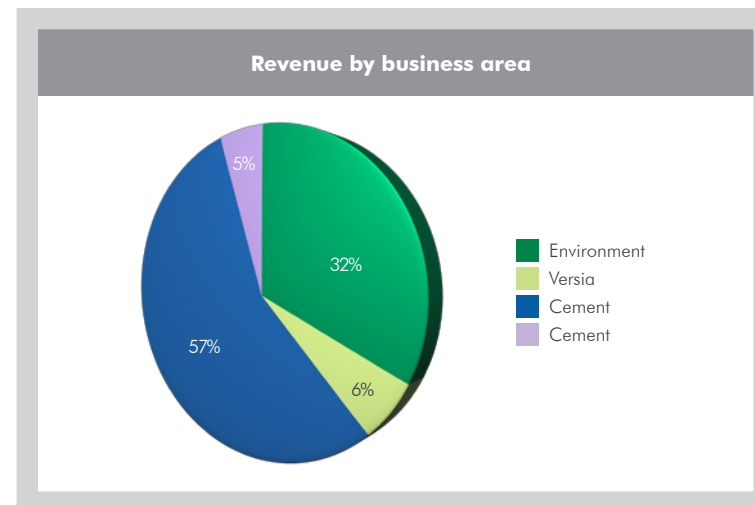
Baldomero Falcones Jaquotot
Chairman and Managing Director

CSR THE LEADERSHIP OF FCC GROUP



THE FCC GROUP IN FIGURES CSR

	2011 Revenues (M€)	Variation/2010 (%)	EBITDA 2011 (M€)	Variation/2010 (%)
Environment	3,735.4	+1.7%	697.9	+6.1%
Construction	6,686.2	-0.1%	303.9	-14.5%
Cement	609.1	-19.1%	150.1	-30.7%
Versia	767.3	-9.3%	114.9	-17.3%
Others	(43.2)	-24.6%	(14.5)	n.a.
Total	11,754.8	-1.3%	1,252.3	-8.3%



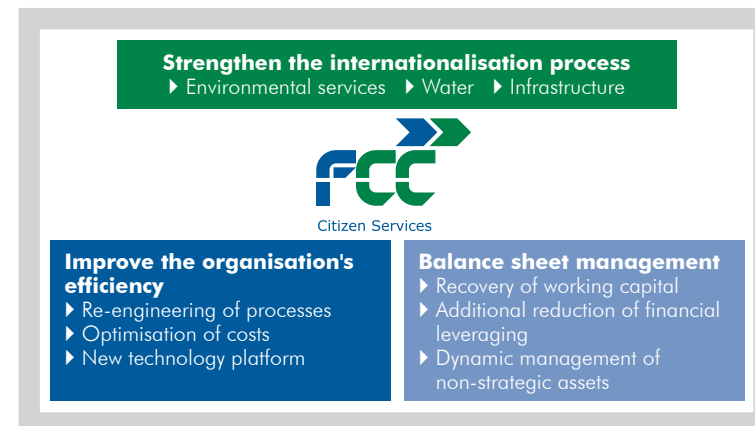
CSR FCC, PREPARED FOR A CHANGING WORLD

FCC is an international, diversified group providing citizen services. Its mission is to contribute with its goods and services to the creation of sustainable communities, making citizens' lives easy, comfortable and healthy, in a way that is environmentally and people-friendly. The FCC Group's strategic priorities are: financial stability to cope with the economic situation based on a sound budgetary position; internationalisation – which balances the business; efficiency in the provision of services; and Corporate Social Responsibility.

The 2011 economic context

A severe economic crisis that greatly influenced trade relations and provision of services marked 2011, especially on the national level. The decrease in the consumption of basic resources such as food and water and budgetary restraints in the public sector have resulted in a reduction in the consumption of associated basic services. The FCC Group's activities were not immune to the economic context, although management efficiency and the strength of the different lines of business enabled the company to meet its business objectives.

In 2011, the FCC Group reached a milestone in terms of the weight of international business activities, which – for the first time in over one hundred years of company history – contributed over 52% of total sales. In this regard, the FCC Group believes that the company's strengths, such as its significant geographical and industrial diversification, its team of highly qualified and responsible staff, its technological know-how and its leadership in social responsibility are tools that permit taking advantage of the opportunities generated by these growth patterns and by sustainable development.



Corporate Governance involvement in the sustainability strategy

The company's strategic commitment to sustainable development as the driving force behind the Group's businesses provides the backbone for the corporate responsibility actions from senior management to lines of business, with common principles, attitudes and values stemming from the Board of Directors that define the day-to-day activities of FCC Group employees.

A century-old corporate culture and solid values have enabled the company's businesses to develop on the basis of lasting relationships that are transparent and mutually beneficial to those with whom the company interacts. FCC believes that integrity and transparency should shape the framework for action all its professionals wherever the company operates. As a result, its main focus is to promote exemplary behaviour based on referential ethical principles and aimed at developing FCC's people as well as at providing services for citizens.

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Balanced business model

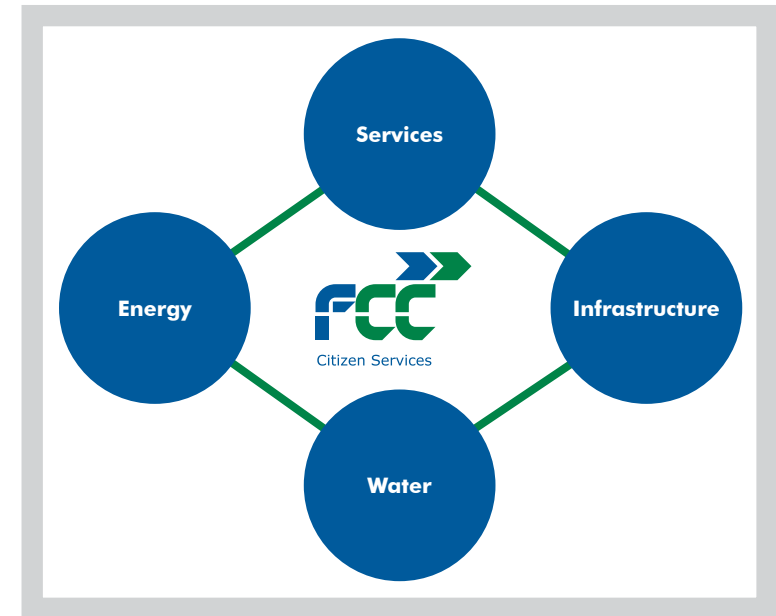
The FCC Group's diversification allows it to offer comprehensive services to citizens, from the provision of community services and the building of infrastructures, to the promotion of renewable energies. For this reason, the company is committed to combining its range of products and services under one umbrella: the concept of Citizen Services.

The meaning of Citizen Services includes the FCC Group's commitment to integrate sustainable development and corporate responsibility, factors essential for the prosperity of societies in coming decades, into its business strategy. The FCC Group is a pioneer in the development of a model for a sustainable city, and helps societies grow and thrive, from all business activity areas.

Adapting to new scenarios

FCC Group is well aware that the world is changing. Based on its century-long experience and with an eye to the present and the future, in 2011 the company developed its Third Master Plan 2012 – 2014. It was approved by the Board of Directors in November 2011, after considerable reflections on the challenges posed by urban communities and on how the FCC Group can provide solutions. The company is aware that its success in meeting the objectives of the Plan lies largely in its ability to adapt the changes implemented to the new social, energy and demographic scenarios that are emerging.

The future of cities poses many challenges, but also huge opportunities for associated businesses. As a citizen services company, FCC Group is trying to respond to these challenges by considering them as opportunities to satisfy the expectations of stakeholders.



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CHALLENGES FOR THE CITIES OF THE FUTURE

More efficient buildings, communities and services

Influencing bodies such as the World Economic Forum, state that over 70% of Greenhouse Gas emissions in cities come from buildings.

New products, services, technologies, systems and models need to be developed that are able to offer more well-being with lower energy and water consumption, among others.

Energy a leading role in the design of cities of the future

It is estimated that investment in energy efficiency and renewable energies will increase.

Concepts such as energy efficiency, smart grids and energy storage will be promoted by means of agreements between the public and private sectors, investment in innovation and cooperation between cities.

Waste management a problem related to continual development

Legislation actively promotes efficient waste elimination. Waste recycling and recovery is encouraged in response to the growing amount of waste produced in cities.

Water shortages in view of increased demand

Water Resource Group estimates that water needs worldwide in 2030 could increase to levels 40% higher than current capacity.

The answer to these issues and the improvement of citizens' quality of life is and will be the key line of work for FCC Group, a company that has the technical skills and innovation capacity required to meet the new reality of cities.

FCC Group's technical abilities and innovation capacity

- ▶ Appropriate management of water resources throughout its entire life cycle.
- ▶ Efficient use of fossil fuels and promotion of renewable energies.
- ▶ Management of industrial and domestic wastes.
- ▶ Development of intelligent urban systems to accommodate demographic growth.
- ▶ Implementation of accessibility solutions to help meet the needs of an aging population.
- ▶ Generalisation of more efficient and environmentally friendly transport.

CHALLENGE I CSR

CHALLENGE I

POPULATION CONCENTRATED IN LARGE CITIES

Urban areas account for the majority of the world's population; undeniably, in 2008 urban population exceeded rural population. United Nations' predictions indicate that by 2050, three quarters of the world's population, some 6.9 billion people, will live in cities.

At the same time, cities have become consumption centres and are the origin of 67% of global primary energy demand. In other words, urban communities are the driving force behind economic prosperity, but they are also the main emissions centres: in 2007, the 10 cities with the highest amount

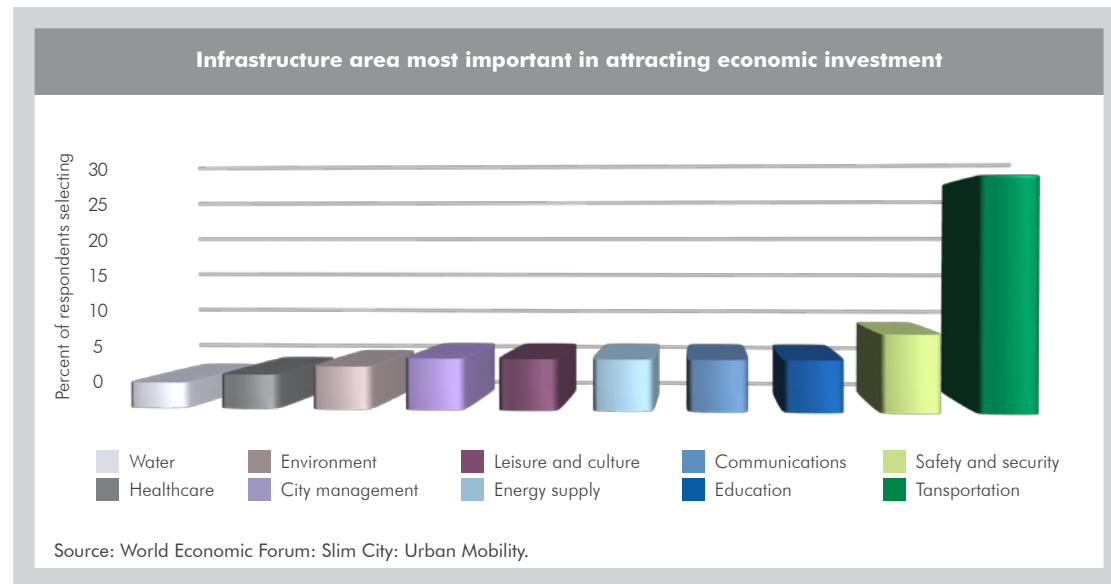
of economic activity generated a GDP higher than all the last 162 countries on the list of countries ordered by their GDP together. They also produced 70% of global urban CO₂ emissions.

For these reasons, FCC Group sees cities as the centre of the challenges created by sustainability, as they are where innovative solutions with significant and rapid impacts should be implemented.

Opportunity: innovation in infrastructures

Increasingly, when defining certain sustainable conditions in the contract terms, such as reducing carbon emissions, public authorities require the companies awarded the contract to offer energy-efficient solutions. The infrastructure division in the FCC Group (CFF Construcción and Cementos Portland Valderrivas) covers the complete cycle of the concession, from project design and execution of the work, to its maintenance, operation and return to the Public Administration when the concession comes to its end. This is one of the company's bastions of innovation through sustainable construction activities in all its phases and the development of new products in its cement businesses.

Infrastructure procurement policies can have a significant influence on the sustainability of the construction works and on support for local economies. The possibility of using locally sourced building materials with a higher-than-average recycled content is increasingly taken into account in construction works. Setting a minimum amount of recycled material in the procurement of building materials is a growing practice.



CSR CHALLENGE I

FCC Group leverages the synergies between sustainable construction activities requiring new, more efficient materials and recycled materials, and the measuring and control of the impacts of its activities. For FCC Construction and Cementos Portland Valderrivas, measuring their carbon footprint, monitoring environmental indicators and developing innovative projects and products are essential to remaining in leadership positions in their respective markets.



FCC Construction, with an accumulated experience of more than 110 years, is FCC Group's referential company in the construction and citizen services market, contributing over 56% to the Group's turnover. Its activities cover all areas of construction, and it is one of the world's leading companies in civil works (roads, railways, airports, hydraulic and marine) and building works (residential and non-residential) in both the national and international markets.

It also has a proven track record in developing projects under concession and also has a number of subsidiary companies devoted to industrial and energy sectors and in construction-related businesses.

FCC Construction has a stable presence in different countries around the world, where it acts directly or through its local companies, subsidiaries and holdings.

FCC Construcción's 2011 turnover amounted to 6,686.2 million euros.



The FCC Group is the majority shareholder in Cementos Portland Valderrivas, the largest Spanish cement group. Its activities are focused on the manufacture of cement and concrete and on the production of aggregates and mortars.

Cementos Portland Valderrivas has eight cement manufacturing plants in Spain. In addition, the concrete division has 104 plants operating and the mortars division has 14 production facilities. Lastly, the aggregates division, which specialises in the operation of gravel pits and quarries, has 28 production plants.

Moreover, in the United States it has three cement factories in Pennsylvania, South Carolina and Maine, and nine concrete plants. In Tunisia, the business has one cement plant and four concrete plants.

GCPV's 2011 turnover amounted to 609 million euros



CHALLENGE | CSR

In addition, transport is one of the challenges that large cities have to cope with. Urban infrastructure will be a point that will mark the competitive difference among cities, according to the Siemens Megacity Challenges study. Investment in transport and communications infrastructures is one of the most important determinants of urban growth and economic development. Traditionally, infrastructure development has been linked to financial performance variables, such as saving time or reducing accidents. Future investments could focus on considering its contribution to improving the lives of citizens. FCC Versia offers a response to the needs of modern cities by providing logistic services, by maintaining urban infrastructures and by the distribution of vehicles and special equipment for environmental services.



FCC Versia groups together different activities, which are a diversification of FCC businesses. These businesses are street furniture, logistics, airport handling, maintenance of urban infrastructures and the distribution of vehicles and equipment necessary for environmental services. All these activities have a common denominator: their end-users are mainly city inhabitants. They offer essential citizen services in public spaces, for supplies, to support travel as well as providing street-cleaning equipment

Although the origin of FCC Versia's activities is Spain, currently over a third of the turnover is from other countries, such as Belgium, Italy and Portugal in Europe and United States and Brazil in America.



In 2011 FCC Versia's turnover amounted to 767.3 million euros.

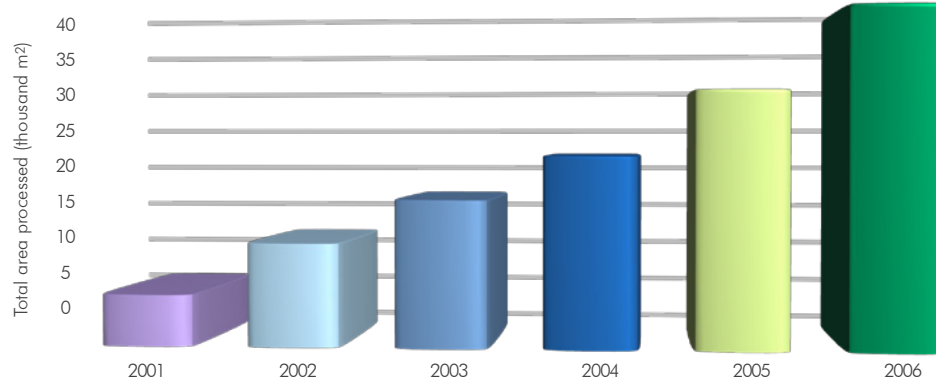
CSR CHALLENGE II

CHALLENGE II

TOWARDS A LOW-CARBON ECONOMY

The transition to a low-carbon economy will have a high cost. The Stern Report states that limiting the concentration of atmospheric CO₂ to 550 parts per million by 2050 will represent a cost that is approximately 1% of global GDP. The report also indicates that a delay in decision-making and in the implementation of effective actions will mean an even higher cost. The International Energy Agency estimates that the United States must invest 550 billion dollars annually in renewable energy and energy efficiency by 2030 if the goal is to limit the concentration of atmospheric CO₂ to 450 ppm. For its part, New Energy Finance's Global Futures estimates the figure at 515 billion dollars over a lengthy period of time. According to the Green Investing study by the World Economic Forum, investment opportunities are focused in three areas, which are basically energy efficiency, smart grids and energy storage.

Evolution of the solar heat surface area in Barcelona due to the ordinance



Source: World Economic Forum: Slim City: Sustainable Buildings.

Opportunity: consolidate our presence in the renewable energies market

Energy-related businesses are undergoing a consolidation process in Spain, while the necessary resources are being developed, before leaping into other high potential markets. Energy efficiency and using energy from renewable sources – wind, water, solar and biomass – are two key mechanisms in FCC Group's energy and climate change strategy, a fundamental pillar of the Company's Corporate Social Responsibility Master Plan.



FCC Energía develops projects in the field of renewable energies, energy efficiency, cogeneration and energy recovery from waste.

Currently, it is operating fourteen wind farms with a total installed capacity of 421.8 MW. This area also has two photovoltaic farms with a 20 MW capacity and two solar-thermal power generation plants under construction. All FCC Energía facilities are located in Spain.

In 2011 FCC Energía's turnover amounted to 74 million euros.



CHALLENGE III CSR

CHALLENGE III

EFFICIENT WASTE MANAGEMENT

Waste management is an underlying problem resulting from increasing urban growth and development. As noted in the study *The Future of Cities* by the World Economic Forum, the use of digital technology for the monitoring of wastes, legislation designed to increase efficiency in waste disposal and consumer pressure on manufacturers are factors that would help solve this problem. By 2020, wastes will have grown by 35% in comparison to those generated in 2000, according to the

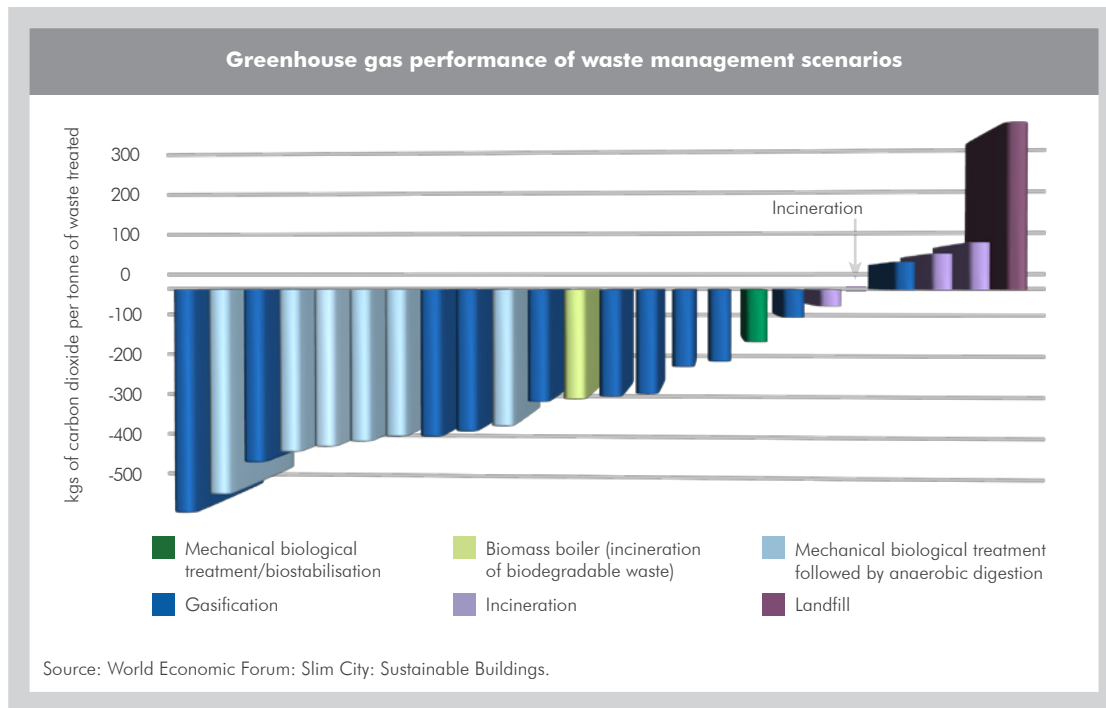
European Union. The European Union's goal is to increase recycling and recovery by 20% by 2020 in comparison to 2000 levels.

The FCC Group notes that the trends point to the establishment of new dialogue models for all those involved. The company believes that its responsibility is to contribute by means of their business activities to meeting these challenges, transforming them into opportunities, so that it can provide long-term value to society as a whole.

Opportunity: International presence in waste management

FCC Group environmental services companies develop their sustainability strategy around reducing the climate footprint, around efficiency and around the development of technologies that will enable maintaining a supply of services that meet the new demands of consumers and public administrations that require more in terms of the environmental impacts of business activities.

The new European Directive on Waste Management includes objectives for 2020 for member states to recycle 50% of municipal waste and 70% of construction and demolition waste (CDW). Buildings and residential areas must have spaces to separate waste by type, thereby encouraging residents to recycle. The separation of wastes at their source will increase the viability of producing energy from them as well as solutions to convert organic waste into compost.



CSR CHALLENGE III



The FCC Group provides its urban water treatment services through its subsidiaries: FCC Medio Ambiente, Waste Recycling Group (WRG), A.S.A. and Proactiva medioambiente (with a 50% equity interest in the latter).

The urban sanitation services provided comprise mainly waste collection, street cleaning, the transport and treatment of urban wastes and the maintenance and upkeep of parks and gardens. The FCC Group is a leader in this sector in Spain and is one of the largest operators in Latin America, the United Kingdom, Austria, Portugal, Egypt and the following eastern European countries: the Czech Republic, Slovakia, Hungary, Poland, Romania, Bulgaria and Serbia. It provides services to more than 72 million citizens.

Since 2007, FCC Medio Ambiente has electric and hybrid vehicles in its fleet for carry out its services.



The 2011 turnover for this FCC business exceeded 2.5 billion euros.



FCC Ámbito provides services in the field of integrated management of industrial waste, industrial cleaning, decontamination of soil and external intervention in case of accidents, spillages, discharges, etc.

In 2011, FCC Ámbito processed more than 2,300,000 tonnes of industrial waste. It is currently the Spanish market leader in the treatment of this kind of waste, managing over 1,500,000 tonnes per year at its own plants. Internationally, it is present in the United States, Portugal and Italy, where it processes over 800,000 tonnes.

One of FCC Ámbito's most significant activities this year was the commissioning of the first alternative ecological fuel plant, derived from non-hazardous industrial waste (WDF) in Castellbisbal (Barcelona), which can replace conventional fuel, such as petroleum coke, in cement or similar type industries.

FCC Ámbito's turnover exceeded 318 million euros in 2011.

CHALLENGE IV CSR

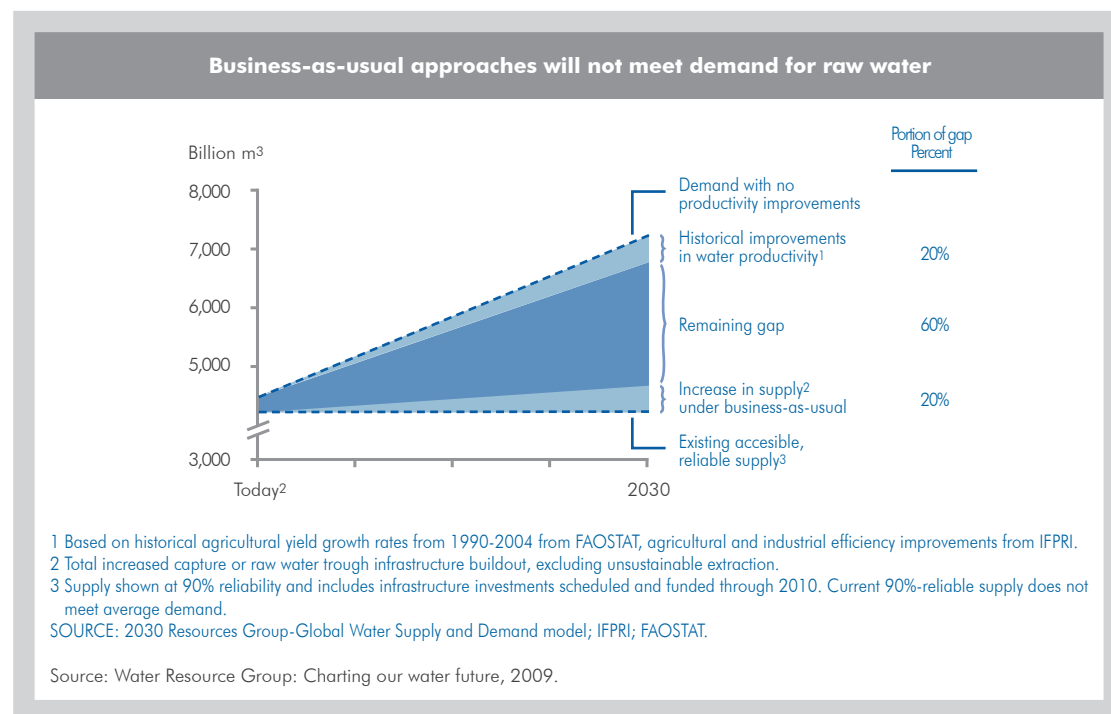
CHALLENGE IV

WATER SHORTAGES

According to the report *Charting Our Water Future 2009* from the leading organisation Water Resources Group, in an average economic growth scenario, if there are no gains in efficiency by 2030, worldwide water needs will grow from 450,000 hm³ to 690,000 hm³, a figure 40% higher than current supply capacity. This global figure is the sum of a large number of local data from

municipalities with a large number of watersheds, located especially in developing countries, where the situation is even worse and the water deficit to supply the population exceeds 50%.

An analysis of these trends has made FCC Group develop new dialogue models for all parties involved, thus leading to the awareness of the company's responsibility to contribute through its business activities to overcoming these challenges and creating value for society.



CSR CHALLENGE IV

Opportunity: solutions for an increasing demand for water

According to the study Charting Our Water Future, the only solution to satisfy the demand for water would involve an additional investment in obtaining water resources of some 200,000 million dollars a year, five times the total annual current expenditure on this type of supply infrastructures. The application of the best available technology solutions would reduce the additional investment to a quarter – 50,000 million dollars a year – with an annual capital cost of around 19,000 million dollars to 2030.

The FCC Group's expertise in developing solutions for the optimal management of water can be found in its subsidiary aqualia. Currently, it is one of the few companies in the world able to provide answers to all the needs associated to the different water uses: for agriculture, industry and human consumption. It is currently the third largest water management company in the world, as published in Global Water Intelligence. With its more than 7,000 highly qualified professionals, aqualia applies the latest technology to offer its customers the answers and solutions that optimise the service.

In terms of inefficiency in water resources and operations, the usual losses are 40%, and up to 70% in some cities; aqualia focuses its efforts on its commitment to efficiency and technology to reduce leakages.



aqualia is the company that manages all FCC Group's water cycle activities. aqualia meets all the needs arising from the ways water is used. Its three areas of activity are: integrated water management, design and construction of water infrastructures and global solutions for water use in industry.

aqualia is the third-largest water management company in the world. It provides services to about 1,100 municipalities, serving over 28 million people worldwide.

aqualia is the leader in its sector in Spain with a 36% market share of outsourced water management. In the rest of the world, the company operates in Portugal, Italy, the Czech Republic, Poland, Romania, Algeria, Egypt, Saudi Arabia, the United Arab Emirates, China, Mexico and Chile, among others.

In 2011, aqualia's turnover amounted to 844,9 million €.



FCC - AT YOUR SIDE 24 HOURS A DAY CSR

FCC - AT YOUR SIDE 24 HOURS A DAY

FCC Group is a company specialising in the provision of citizen services. The Group's dedication to serving citizens and its commitment to making cities more sustainable places is the hallmark of the Group's business activities.

This same diversification has enabled FCC Group to offer comprehensive, 24-hour service to the community, from the provision of community services and the development of infrastructures, to the promotion of renewable energies.



Generation of clean energy

FCC Energía is active in the energy industry, with special interest in the areas of cogeneration, energy efficiency and renewable energies.

Construction and refurbishment

FCC Construcción is a world reference in the execution of civil engineering works: roads, railways, airports, hydraulic and maritime works. Besides the company has extensive experience in the construction, refurbishment and renovation of buildings that integrate the most advanced techniques in intelligent construction, security and comfort.

24-hour comprehensive water management

Aqualia serves more than 28 million people in 1,100 municipalities in 17 countries by supplying, treating and desalinating water. It is currently the fourth-largest water management company in the world and applies the latest technological advances available.

Street furniture

CEMUSA specialises in the design, manufacture, installation and maintenance of street furniture and its advertising sales. With over 25 years of professional experience, CEMUSA offers its services in over 140 municipalities in Europe and America. Cities such as New York, Madrid, Barcelona, Río de Janeiro, Boston, Lisbon and Genova provide the best showcase of the Company's designs.

Conservation of roads and forests

FCC Group carries out the maintenance of over 1,600 km of dual-carriage ways and 2,100 km of roads as well as activities to prevent forest fires.

Decontamination of contaminated soil and water

FCC Ámbito provides its services from more than 100 facilities in four countries, recycling and managing around 2.5 million tonnes of industrial waste per year.

Comprehensive waste management

FCC Group provides urban sanitation services to over 50 million citizens worldwide, integrating new treatment techniques and developing specific projects for each city.

Logistics

FCC has 64 operational centres in the main logistics cities in the Iberian Peninsula, 1,000,000 m² of storage space and over 300,000 m³ of controlled-temperature storage.

CSR FCC'S VIEW TO 2020

FCC'S VIEW TO 2020

The FCC Group would like to be recognised as a company committed to the development of the communities it serves through the activities, goods or services it provides. In order to be part of the solution to the sustainability challenge and to take better advantage of the opportunities in citizen services markets, FCC Group aims to:

- ▶ Better understand and connect to the real needs of citizens and to be the protagonist of these changes.
- ▶ Create new capabilities that enable the design of better sustainable solutions.
- ▶ Strengthen the organisation in order to respond better, faster and more consistently to the challenges posed by the transformation of urban centres worldwide.

OPERATING PRINCIPLES THAT GUIDE THE BEHAVIOUR IN THE DAY-TO-DAY WORK OF ALL OF THE COMPANY'S EMPLOYEES.

Doing things well

At FCC we have always done things well because we cannot conceive of any other way to work, and this is an essential element of the commitment we have with all our interest groups, both internal and external. Doing things well means we must give the best of ourselves in terms of both professional competence and personal attitude.

Integrity

At FCC, integrity is a personal and professional requirement. Having integrity means – besides fulfilling our commitments – respecting the people we interact with and behaving in an honest, upright and transparent manner every day, in all our activities and in every country we operate in. This is a holistic view of business that goes beyond the economic legitimacy of the organisation by assuming its responsibility in building a more balanced and prosperous society.

Efficiency

Efficiency is part of our history and is one of the reasons we are successful. For all FCC's employees, being efficient means to be austere, minimising the use of resources of all kinds and making the most out of them in our work and when achieving our objectives. At FCC, efficiency is an economic, environmental and social asset.

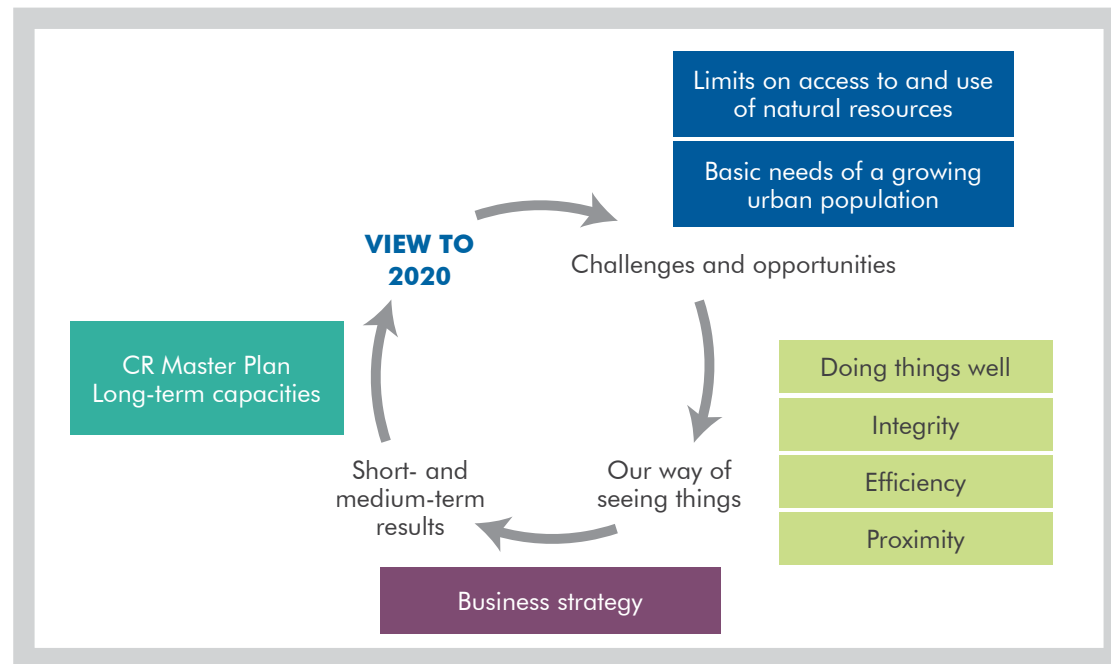
Proximity

We are a citizen services company that maintains close communication with the societies in which we operate, thereby responding to the changing needs of communities in the 21st century. This principle requires us to respect the expectations of the individuals that are part of these societies, while at the same time trying to provide answers that satisfy the public interest.

FCC'S VIEW TO 2020 CSR

To do this, the company has renewed its values, which are FCC Group's four corporate principles that guide the company's business and the daily work of all its employees: integrity, efficiency, proximity and to do things well.

The principle of integrity goes beyond fulfilling the commitments made by the company and its professionals: it is FCC's contribution to achieve a balanced and prosperous society, with honesty and transparency, wherever the company operates. Efficiency means optimising resources to maximise their return in economic, social and environmental aspects of each of the business activities. The principle of being close to its interest groups allows FCC to meet their expectations with greater understanding; ultimately, doing things well is a value that has been an integral part of the company since its inception, and something it considers necessary for success.



Structure of the Corporate Responsibility Master Plan

As part of this view to 2020, in 2011 the FCC Group adopted its new Corporate Responsibility Master Plan covering the 2012 – 2014 period. The Plan also takes stock of the results of the previous one (2009-2010), strengthening the points in the Plan on which the company can move forward in an even more resolute manner. The balance of performance against objectives, along with a comprehensive analysis of trends related to the needs of the sustainable cities of the future and the challenges related to sustainability in each one of FCC Group's business areas, is the basis for defining the company's new corporate responsibility strategy.

The Corporate Responsibility Master Plan 2012 – 2014 focuses on the FCC Group's new principles and its corporate strategy based on consolidation, internationalisation, diversification and making the most of synergies between businesses. The lines of action that have been defined and that determine the structure of this report are based on the Plan's three strategic approaches:

- I. **Exemplary behaviour.** The principles of integrity and doing things well are the origin of the first pillar of the Master Plan. The aim is to position FCC Group as an example of authenticity in its commitment and its way of doing business. To do this, one of the first tasks carried out along this line has been to strengthen the company's ethical framework, allowing it to address the major challenges facing FCC with an aim to promote exemplary behaviour.

Within the company's ethical framework, a commitment to people will guide FCC's behaviour in all its business activities and at all levels: safeguarding the health and safety of its employees, promoting equality and diversity, identifying potential areas for integrating groups that have special needs and those that are vulnerable, and extending these commitments to communities, suppliers and contractors.

CSR FCC'S VIEW TO 2020

- II. Intelligent services.** The principle of efficiency is the inspiration for this pillar of the Plan. As a Citizen Services company, FCC Group must assume the challenge that is part of its business activity, and be part of the solution to the problem of greenhouse gas emissions generated by highly concentrated populations in urban areas. In order to address this challenge, we propose a strategic focus on innovation aimed at mitigating climate change and on capacity-building directed at adapting the company to new scenarios affected by this phenomenon.

For FCC Group, innovation and efficiency as the best tools for combating climate change are at the core of the concept of intelligent services. The company is currently involved in developing a climate change strategy whose guarantee of compliance is underwritten by the company's highest governing body, represented on the Climate Change Commission, which will act as the primary prescriber within the Group in matters relating to climate change. The application of the climate change policies from the Commission until its enforcement in all lines of business will materialise the actual implementation of the intelligent services.

FCC also must investigate what future sustainable cities will be like, applying its know-how to the design of eco-efficient citizen services.

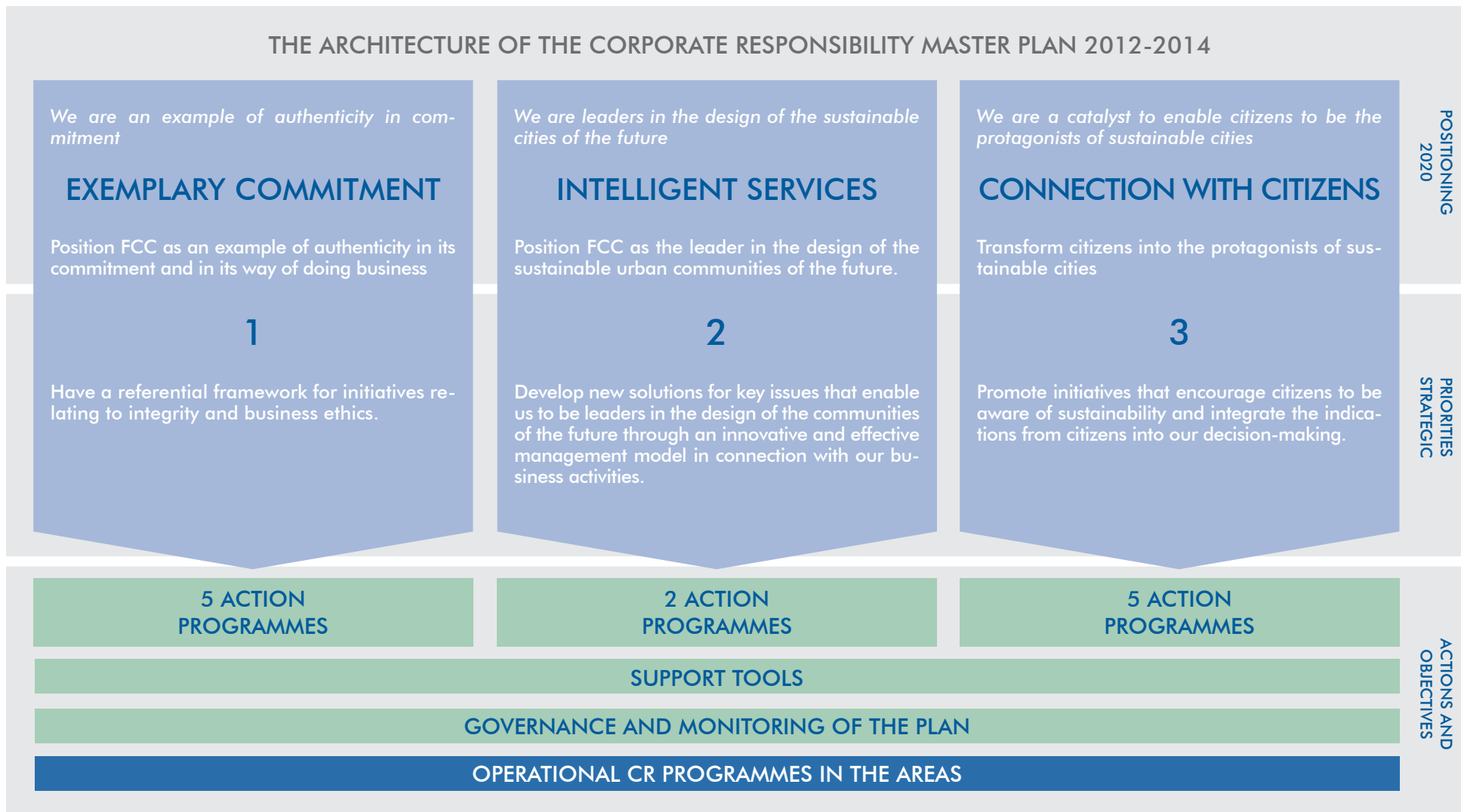
- III. Connecting to citizens.** The principle of close communication with citizens is underpinned by the belief that the company can and should be a catalyst for citizens to be the protagonists of a sustainable city. FCC Group wants to promote sustainable habits in the cities where it operates, by relying on the commitment of the people who are part of the company, by remaining in contact with the interest groups involved and in constant consultation with prescribers in strategic markets.

This connection with citizens is aimed at linking the management of the FCC Group to the trends and needs of the communities of the future. The joint involvement of FCC Group and the public in addressing the urban challenges of this century, based on the capacities developed by the company and the commitment of its employees, will be the starting point for the promotion of sustainable habits.



FCC'S VIEW TO 2020 CSR

THE ARCHITECTURE OF THE CORPORATE RESPONSIBILITY MASTER PLAN 2012-2014



CSR FCC'S VIEW TO 2020

Responsibility in the implementation of the Master Plan 2012 – 2014

FCC Group believes that the implementation and application of corporate responsibility throughout the organisation requires a stable organisational structure driven by senior management and committed to carrying out operations in the different business activities in the FCC Group's portfolio. The coordination of corporate policies and those stemming from the areas, divisions and business units is done through the Communications and Corporate Responsibility Department. The policies, master plans and reports detailing the degree of progress on actions taken in this regard are submitted to the Management Committee and the Board of Directors for supervision, in line with the responsibility assumed by this body in the field of corporate responsibility.

Each business area has its own lines of action in which the company's strategic priorities are further detailed. All of them are covered by the FCC Group's Master Plan, which sets new objectives for the 2012 – 2014 period.

Results of the Sustainability Master Plan 2009 – 2010

With the approval of the Second Corporate Responsibility Plan 2009 – 2010, the Board of Directors of FCC established, as one of the Group's strategic objectives and that of the different business areas, the commitment to the sustainability of its activities by promoting socially responsible actions that meet the expectations of its interest groups, a commitment that was also incorporated into the Group's Strategic Plan.

There were six strategic lines and progress in each of them has allowed us to analyse the position of FCC Group in each, allowing us to take a big leap into the new commitments reflected in the new Master Plan 2012 – 2014 in order to address the great challenges of the cities of the future.

The results of the Second Master Plan (2009 – 2010) are explained in the next table.

GOOD GOVERNANCE

The objective is to promote and consolidate the principles of good governance, integrity and transparency in all the organisation's activities.

ACHIEVEMENTS

- ▶ There were 9,350 people trained in Equality, Harassment Prevention and Ethical Behaviour.
- ▶ Implementation of a centralised procurement model.
- ▶ Inclusion of clauses on compliance with the principals of the Global Compact and FCC Group's Code of Ethics in contracts.
- ▶ Incorporating social responsibility indicators when registering suppliers.
- ▶ Creation of the Risk Management Department.
- ▶ Progress in the Horizonte reporting tool.
- ▶ Information security management system in accordance with ISO 27001.

FCC PEOPLE

Talent management

Attraction and retention of talent in order to ensure the professional development of the human team through the preparation of Development Plans for Management Personnel.

ACHIEVEMENTS

- ▶ Selection process for IESE students for strategic Group projects.
- ▶ FCC-Alpine Programme.
- ▶ Development of the Group's equality and diversity policy.
- ▶ Implementation of an Internal Mobility Programme.
- ▶ Plan for Corporate Training and collaboration with top-level business schools.
- ▶ Definition of management skills for FCC.

Plans for promoting equality

Promotion of policies on access to employment, training and promotion; equal pay, reconciliation of personal life/family/work, and the improvement of working conditions and occupational health and safety conditions of working women on equal terms with men.

- ▶ Commitment to no gender-based discrimination in employment on job application forms and in the link to attach CVs on the FCC Group's website.
- ▶ Working with monitoring indicators to analyse and correct potential discrimination in the selection process.
- ▶ 'Workplace Equality' seal of distinction for aqualia: the first and only company in its sector in Spain.
- ▶ As part of the Management Development Programme organised by the School of Industrial Organisation, training was provided to pre-management women.

FCC'S VIEW TO 2020 CSR

Communication

Driving the process to integrate employees into the Group, fostering their participation and motivation by improving internal communication, both upwards and downwards. Analysis and study of the various existing communication channels and merging them by drawing up a Communication Plan.

- ▶ First Internal Communication Plan.
- ▶ Launch of Group-wide awareness and collaboration campaigns.
- ▶ Creation of the Employee's Portal and dissemination of services for employees.
- ▶ aqualia sends 160 newflashes a year.
- ▶ aqualia organises the International Drawing Competition for employees' children and grandchildren.

Work/personal life reconciliation

Continue with the work/personal life reconciliation policy aimed at different groups in the organisation, without any bias in terms of gender or any discriminatory issues taken into account when applied.

- ▶ Flexitime for working day.
- ▶ 2010 – 2011 New workday hours at headquarters.

Diversity management

Discard any discriminatory practice related to including candidates based on gender, language, nationality, age, education, race or disability in the implementation of the Group's diversity policies through compliance with the laws of the countries where we operate and establishing projects to promote the integration of people.

- ▶ Collaboration with Fundación Adecco through the 'Plan Familia'.
- ▶ Participation in the Autonomous Community of Madrid's Employment and Disability Fair.
- ▶ Developing Group's Equality and Diversity Policy.
- ▶ The Group has hired 1,019 people with disabilities.
- ▶ Agreement with Fundación Once (Spanish Association for social integration and cooperation of people with disabilities to hire 150 people with disabilities.
- ▶ Agreement with the Ministry of Health, Social Services and Equality and the Red Cross to promote the social integration of women who are victims of gender violence.

Occupational health and safety

Improved health and safety conditions where we carry out our business activities, with the resulting benefit for workers. Projecting the Group's image with its commitment to the prevention of occupational risks.

- ▶ Consolidation of OHSAS certification (approx. 64% of the company's business activities).
- ▶ Implementation of the Protocol for the Notification of Serious or Fatal Accidents.
- ▶ Occupational Risks Prevention Communication Plan (PRL); PRL email address.
- ▶ Development of FCC's Strategic Road Safety Plan 2010 – 2015.
- ▶ A 24% reduction in the accident frequency rate in 2010 in comparison to 2007.
- ▶ Reducing the accident seriousness index in line with the targets set, by 10%.
- ▶ Launch of Phase 2 of aqualia's Occupational Risk Prevention communication campaign with new messages and materials.

Internationalisation

Properly structure and channel the management of people in the international scene in order to implement whatever activities are proposed in the different fields of business activity.

- ▶ Selection of a single HR information system.
- ▶ Development of a comprehensive employee master record (A homogenous tool that allows you to get computerised and parameterised information of FCC Group's personnel).
- ▶ FCC's First Global HR Meeting.
- ▶ International Mobility project launched by aqualia to offer employees the opportunity to develop their professional careers on an international level.

COMMUNICATION AND REPUTATION

Strengthen FCC's reputation in matters of CSR, with special emphasis on external and internal communication of socially responsible actions

- ▶ Internal and external communication policy
- ▶ FCC presence in CSR forums
- ▶ Stakeholders

ACHIEVEMENTS

Collaboration with Forética, the Excellence in Sustainability Club and the State Council for CSR.

- ▶ Listing on DJSI 2010 and continued presence on FTSE4Good and FTSE4Good Ibex .
- ▶ Participation in the CDP (Carbon Disclosure Project), and in the Business in the Community index .
- ▶ The new Network Communication Network internal newsletter and the Communications Room.

CSR FCC'S VIEW TO 2020

COMMUNICATION AND REPUTATION

ACHIEVEMENTS

- ▶ First Roundtable of FCC Group's clients.
- ▶ Stakeholder Engagement & Trust tool at Cementos Portland Valderrivas.
- ▶ Signing of agreements: WWF-Spain, Fundación Plan, Fundación Once, Iberdrola, Citroën, Caritas, Fundación Exit and the Red Cross.
- ▶ aqualia forums with stakeholders.
- ▶ Summer courses at Rey Juan Carlos University and the University of la Laguna.
- ▶ International Drawing Competition.
- ▶ Open house for interest groups held 350 times.
- ▶ Launch of new corporate website.

OUR CORPORATE CITIZENSHIP

ACHIEVEMENTS

The goal is to define a line of social action within FCC's strategy. Among other actions, to consolidate and expand the already-initiated corporate volunteer programme.

- ▶ Design of a conservation and improvement plan for FCC's Carriage Museum.
- ▶ Start-up of the Volunteer Portal.
- ▶ Inauguration of the series of conferences on 'FCC Volunteers' on the Madrid and Barcelona sites of the Fundación Esther Koplowitz.
- ▶ Member of the Advisory Council of the Cooperation Fund for Water and Sanitation of the Spanish Agency for International Development.
- ▶ €13.4 million devoted to community social development.

CARING FOR THE ENVIRONMENT

ACHIEVEMENTS

Definition of a line of social actions within FCC's strategy.

- ▶ Reduction of GHG emissions in 2010 by 16% compared to 2008.
- ▶ Of the energy consumed in 2010, 4.4% came from renewable sources.
- ▶ The Energy Division generated 1,769 GWh of renewable energy in 2009 – 2010.
- ▶ Installation of charging stations for electric vehicles in the Torre Picasso building and in Avenida Acanto and Avenida General Perón in Madrid.
- ▶ Certification of aqualia's energy management system.
- ▶ 74% of FCC Group is certified in accordance with environmental standards.
- ▶ Carbon Trust Standard certification gained 2010, WRG.
- ▶ Replacement of existing sources of energy in the Aldeby with renewable sources .
- ▶ Collaboration with many associations and forums about the environment.
- ▶ Implementation of smart water meters.

RESPONSIBLE INNOVATION

ACHIEVEMENTS

The aim is to boost R&D&i as a strategic and competitive factor in our business management.

- ▶ Aqualia: certification under UNE Standard 166002:2006 (Management of R&D&i).
- ▶ FCC Construcción renews its R & D & I management certificate for three years.
- ▶ R&D&i investments of 23.6 million euros in 2009 and 11.4 million in 2010.

EXEMPLARY BEHAVIOUR CSR

EXEMPLARY BEHAVIOUR

Aware of the need to act transparently, honestly and with integrity and, above all, consistently, the Corporate Responsibility Master Plan 2012 – 2014 aims to strengthen the FCC Group's ethical framework with the objective of promoting exemplary behaviour. To this end, the company plans to have advanced tools for managing issues related to corruption and bribery that will reinforce the Group's commitments within the code of conduct.

Everyone in FCC Group, regardless of his or her responsibilities or geographic location, undertakes to act in an ethical, honest, and transparent manner. The company also has suitable means to safeguard these principles of conduct throughout its value chain, from the procurement of products and services to their delivery to the end user, the citizen.

Exemplary behaviour – 2011 milestones

- ▶ Preparation of the Report on Internal Control over Financial Reporting systems (Spanish acronym SCIIF) in connection with CNMV's (Spanish Securities Exchange Commission's) best practices
 - ▶ Development of a project to modernise the Human Resources Information and Management System
 - ▶ Creation of a 'shared services centre'
 - ▶ Development of FCC Group's Crime Prevention and Response Manual
 - ▶ International business accounts for 51% of total sales
 - ▶ Review of FCC Group's Code of Ethics
 - ▶ Creation of the Response Committee
 - ▶ Ethics Channel Auditing in accordance with the ISO 27001 Standard
 - ▶ Promotion of local hiring
 - ▶ Process to redefine the global competences model, nationally and internationally
- ▶ Redesign of the systems for assessing overall performance
 - ▶ Implementation of the Corporate Training Model and Plan
 - ▶ Development of specific training to support the internationalisation process
 - ▶ Development of the Internal Mobility Programme.
 - ▶ Development of FCC Group's Equality and Diversity Policy
 - ▶ Creation of the Equality and Diversity Management Team (Spanish acronym EGID)
 - ▶ Collaboration agreement with the Red Cross to hire women at risk of social exclusion
 - ▶ Achievement of the "zero accidents" objective in FCC Ámbito
 - ▶ Development of activities within the framework of the Human Resources Management's Communication Plan
 - ▶ Corporate Responsibility Award from the Construction and Wood Foundation of the Comisiones Obreras Trade Union
 - ▶ Almost all purchasing done from local suppliers
 - ▶ During 2011, 688 million euros were negotiated under the new Procurement Model.
 - ▶ One hundred per cent of bids managed under the new Procurement Model
 - ▶ Requirement that 100% of FCC Group's suppliers are familiar and comply with FCC's Code of Ethics
 - ▶ Breach of the Global Compact Principles may result in the termination of any contract

CSR EXEMPLARY BEHAVIOUR

ACTION PROGRAMMES

MASTER PLAN FOR SUSTAINABILITY 2012 – 2014

- ▶ Make us of a referential ethical principles/integrity framework
- ▶ Promote integration and social inclusion – commitment to people
- ▶ Sustainable guidelines for actions in the value chain – responsible contracting

OBJECTIVES FOR 2014

- ▶ The new framework for ethical behaviour covers 100% of FCC's activities and of those of its main contractors
- ▶ Increase in the number of people who work for FCC with special needs
- ▶ Development of a programme to support employees at risk of social exclusion in Spain
- ▶ 100% of suppliers critical to sustainability and key in terms of magnitude, assessed on environmental, social and ethical criteria

▶ 1. QUALITY MANAGEMENT AND RESPONSIBLE GOVERNANCE

For FCC Group, good governance means ensuring that the company is managed focusing on creating long-term value for its shareholders in a manner in which environmental and social variables, as well as the expectations of competing interest groups, are integrated into its administration and management model.

FCC Group's senior management continues to ensure that operating under the principle of transparency, one of the most effective ways to generate trust towards the company and to prevent the occurrence of bad practices is a strategic priority. In this regard, FCC's governing bodies apply the highest standards of corporate governance and its managers are in constant contact with its interest groups in order to know what their perception of the company's performance is.

FCC Group's actions regarding corporate governance are available in the compulsory Annual Corporate Governance Report, available on FCC's and the Spanish National Exchange Commission's (CNMV) websites.



EXEMPLARY BEHAVIOUR CSR

1.1. Good governance in FCC Group

FCC Group believes that good governance is fundamental to ensure appropriate strategic guidance for the company. Since the entry into force of the Unified Code of Corporate Governance of listed companies, FCC Group has adapted a large part of its standards to the point that it has incorporated almost all of the recommendations in the Code into its own corporate governance model.

Compliance with these recommendations and the commitment to information transparency in this area represent the effective implementation of FCC Group's commitment to good governance. In this respect, the composition of the Group's Board of Directors covers, firstly, the principles of effectively representing the structure and, secondly, the balance of its governance.

Good governance ensures the proper strategic guidance for the company. Knowing this, at FCC Group we incorporate the highest international standards of good governance into the management of our company.

1.1.1. General Shareholders Meeting

The General Shareholders Meeting is FCC Group's main decision-making body. At the General Shareholders Meeting held on 1 June 2011, shareholders representing 76.37% of the company's capital either attended or had a representative present.

In accordance with the right to information prior to the General Meeting of Shareholders, FCC Group makes all necessary information available to the shareholders from the date the meeting is called through its website, and establishes channels of communication such as the Electronic Shareholders' Forum.

1.1.2. Board of Directors

The main function of the Board of Directors is to ensure that the company is being managed in the long-term interest of its shareholders by monitoring and supervising strategic corporate decisions. At present, the company's Board of Directors has 18 directors, five of whom are independent. The presence of five women on the Board is worth mentioning, resulting in 27.7% of Board members being women, one of the highest ratios in listed companies in Spain.

In 2011, the Board of Directors held ten plenary meetings and promoted a number of activities related to good governance and corporate responsibility, among which the most important are the following:

- ▶ Chair of FCC Group's Corporate Responsibility Committee
- ▶ Chair of the Committee for Monitoring the Internal Rules of Conduct and the Code of Ethics
- ▶ Monitoring of the Corporate Social Responsibility Policy: review of compliance with the Second Corporate Responsibility Master Plan and approval of the Third Corporate Responsibility Master Plan (2012 – 2014).
- ▶ Approval of the Corporate Responsibility Report and Corporate Governance Report

In addition and with the aim to optimise its operations, the Board of Director's Regulations envisage the self-assessment of its performance and that of its members, the quality of its work and the effectiveness of its rules, and to implement, where necessary, measures to improve the effectiveness of its operation.

1.1.3. Board Committees

In order to conduct the comprehensive monitoring and control of the issues most relevant to the correct operation of the company, and to achieve greater efficiency and transparency in the exercise of its powers and in the performance of its duties, the Board of Directors has four committees: the Strategy Committee, Appointments and Retributions Committee, Executive Committee and Audit and Control Committee.

1.2. Risk control and management

The approval of the Risk Control Management Plan, as well as the regular monitoring and supervision of FCC Group's internal control and information systems is, given its special relevance, the responsibility of the Board of Directors.

With the support of risk managers from the different business areas whose activities it coordinates, the Risk Control and Management Department is constantly updating and improving both the definition and assignment of responsibilities regarding risk management at

CSR EXEMPLARY BEHAVIOUR

operational level, as well as of related procedures and methodologies, among which are:

- ▶ The identification of key risks for FCC Group based on their potential threat to achieving the organisation's objectives
- ▶ The assessment of the risks The risk assessment scales are defined in terms of their potential impact should they materialise, and the probability of their occurrence
- ▶ The classification of the risks
- ▶ The optimisation of controls and risks through the establishment and monitoring of action plans relating to the most relevant risks, including indicators to measure and monitor them

- ▶ The mechanisms for regular communication of the results of the assessment and monitoring of the risks, as well as of their materialisation
- ▶ The implementation of specific procedures to document risk management when taking business decisions
- ▶ The regular and systematic updating of the risk assessment processes and controls described above

The risks affecting FCC Group have been classified based on international best practices and by applying the COSO II methodology.

FCC GROUP'S RISKS

Strategic Risks

- ▶ Strategic planning / market / country.
- ▶ Technological capacity / Innovation.
- ▶ Reputation / Corporate governance management.

Operational Risks

- ▶ Management of tendering and contracting.
- ▶ Selection of partners, subcontractors and suppliers.
- ▶ Human resources management and on-going professional development.

Compliance Risks

- ▶ Code of Ethics.
- ▶ Management of legal risks.
- ▶ Management of fiscal risks.
- ▶ Internal control over financial reporting system (ICFR).
- ▶ Protection of personal data.
- ▶ Quality management systems.
- ▶ Environmental management systems.
- ▶ Information security systems.
- ▶ Occupational health and safety systems.

Financial Risks

- ▶ Capital risks.
- ▶ Interest rate risks.
- ▶ Exchange rate risks.
- ▶ Solvency risks.
- ▶ Liquidity risks.
- ▶ Concentration risk.
- ▶ Credit risk.
- ▶ Risk-hedging financial derivatives.

EXEMPLARY BEHAVIOUR CSR

STRATEGIC RISK MANAGEMENT

Strategic planning / market / country

FCC Group's external presence is concentrated in OECD countries and in selected emerging economies, where a rigorous analysis of operational and financial market risks is conducted.

Technological capacity / Innovation

Various tasks are being carried out, such as redesigning and implementing a corporate balanced scorecard that enables the automatic availability of management indicators. Specifically, in the areas of managing suppliers, procurement, billing, staff training and submission of bids, FCC Group is implementing new technology systems to mitigate risk from both clerical errors and fraud.

Reputation management / Corporate governance

This is framed within FCC Group's Code of Ethics and within the work done on issues related to corporate responsibility and ethics. Social responsibility policies are an inherent part of FCC Group, for which conducting business requires a comprehensive commitment to the society it is part of.

OPERATIONAL RISK MANAGEMENT

Management of tenders and contracts

The company has policies and procedures that emphasise the technical and technological quality, economic viability and competitiveness of tenders. FCC Group is implementing a specific procedure for risk management in the different stages of tenders, contracts and performance of contracts.

Human resources management and on-going professional training

FCC Group is developing a project to modernise the information and human resources management system that will integrate all information into a single global database for the company. Additionally, the Group has created a 'shared services centre' and, in particular, is developing training plans for all the personnel involved in the preparation of the company's financial statements.

Selection of partners, outsourcing and suppliers

FCC Group's General Policy Guidelines and the application of the outsourcing model set out the minimum requirements for Group companies to be able to outsource public or private construction works. The Human Resources Guidelines also define job responsibilities in cases of outsourcing personnel. Finally, FCC Group has implemented an e-commerce platform in order to manage the procurement and supply processing and its relationships with suppliers.

SYSTEMS FOR CONTROLLING COMPLIANCE RISK

Code of Ethics

The Code of Ethics is the tool that guides and directs the actions of the company's professionals on social, environmental and ethical issues. In addition, FCC Group has also developed a Manual on Crime Prevention and Response.

Occupational health and safety system

FCC Group's activities are governed by the voluntary OHSAS 18001 Standard on health and safety.

Privacy policy

FCC Group has a programme that defines the legal, organisational and technical controls required in each case and maintains regular contact with regulatory agencies and relevant interest groups in order to stay abreast of any changes in doctrine or legislation that might affect the company.

Fiscal risk management system

This system establishes criteria for FCC Group's fiscal policy through the General Rules Guidelines and advises and coordinates tax efficiency in corporate acquisition or restructuring transactions.

Legal risk management system

Compliance with the legislation governing FCC Group's various activities is ensured by internal control procedures.

Quality in all activities

The FCC Group has quality management systems covering all its activities and has successfully passed the regular assessment audits. The quality committees are the highest executive bodies in this area and are responsible for setting guidelines, monitoring compliance and reviewing the system in accordance with the UNE-EN ISO 9001 Standard.

Environmental management systems

FCC Group has implemented environmental management systems in accordance with the ISO 14001 standard in its various areas of business activity.

CSR EXEMPLARY BEHAVIOUR

Internal control over financial reporting systems (ICFR)

FCC Group has prepared the ICFR Report for the 2011 financial year in connection with the best practices proposed in the report published by the CNMS (Spanish Securities and Exchange Commission) and has submitted it for review by the External Accounts Auditor.

Information security systems

FCC Group has Corporate Information Security policy that sets out the common criteria for information management in order to mitigate risks that could affect confidentiality, availability and integrity. In 2011, the information systems were subjected to independent review in accordance with the UNE-ISO/IEC 27001.

FINANCIAL RISK MANAGEMENT SYSTEMS

Capital risks

The company comprehensively analyses the cost of capital and the risks associated thereto in each investment project.

Interest rate risks

FCC Group has a policy of constantly monitoring the market and holds different positions depending on the asset being financed.

Exchange rate risk

This risk exists due to the Group's positioning in international markets. The company actively manages the exchange rate risk by carrying out financial transactions in the same currency in which the asset is denominated, i.e., an attempt is always made to get financing in the local currency.

Solvency risk

The most common ratio for measuring solvency and the capacity to repay debt is: Net debt/EBITDA. FCC Group's ratios are reasonable, thus fulfilling its commitments to the financing entities.

Liquidity risk

This risk exists due to timing differences between the resources generated by the activity and required funding needs. FCC Group manages this risk by providing its businesses with a number of lines of credit sufficient and ample enough to meet any contingency that may arise in these uncertain times.

Concentration risk

This risk arises from the concentration of financing transactions with common characteristics and is broken down as follows: Sources of financing, markets/ geography (domestic, foreign) and products and foreign currencies.

Credit risk

FCC Group is responsible for requesting financial business reports and assessing the financial soundness of clients before entering into contracts with them, as well as monitoring them on an on-going basis; the Group has established a procedure to follow in the event of their insolvency. For public clients, it is the Group's policy to not accept projects lacking an allocated budget and financial approval.

Risk-hedging financial derivatives

In general, financial derivatives acquired by FCC Group are accounted for as provided for in the regulations for accounting hedges as set out in the Notes to the Financial Statements.

The valuation of the financial derivatives was carried out using generally accepted methods and techniques by experts in the field that are independent from the Group and from its financing entities.

►► For more detailed information on matters related to FCC Group's corporate governance and risk management during 2011, please refer to the Corporate Governance Report 2011, available on the company website: http://www.fcc.es/fcc/corp/esp/rc_gc.htm.

EXEMPLARY BEHAVIOUR CSR

► 2. ETHICS AND INTEGRITY

FCC Group would like to be recognised as a group of companies providing citizen services that has the suitable means to ensure the culture of ethics, integrity and transparency that distinguishes the company and is one of its main hallmarks.

Everyone in FCC Group, regardless of his or her responsibilities or geographic location, undertakes by means of the Code of Ethics to act in an ethical, honest, and transparent manner. The company also wants to safeguard these principles of conduct throughout its value chain, from the procurement of products and services to their delivery to the end user, the citizen.

The reference tool that effectively implements FCC Group's commitment to ethics and integrity is the Code of Ethics. Its aim is to stress the Group's corporate culture and rules of conduct and it serves as the guidelines to be followed in the company's business relations with third parties. FCC Group has complementary mechanisms, such as the Internal Code of Conduct in the Stock Market and the communications channel for incidents related to ethical matters, financial irregularities or workplace or sexual harassment.

2.1. The Code of Ethics, guarantor of FCC Group's proper conduct

The Code of Ethics is the standard of reference and one of the main tools with which the company guides the performance and conduct of its professionals in order to unify and strengthen its identity, culture and behaviour patterns. The Code addresses the expected behaviours of FCC Group employees and includes matters related to, among other issues, corruption and bribery, human rights, the development of human capital, occupational health and safety, and respect for the environment.

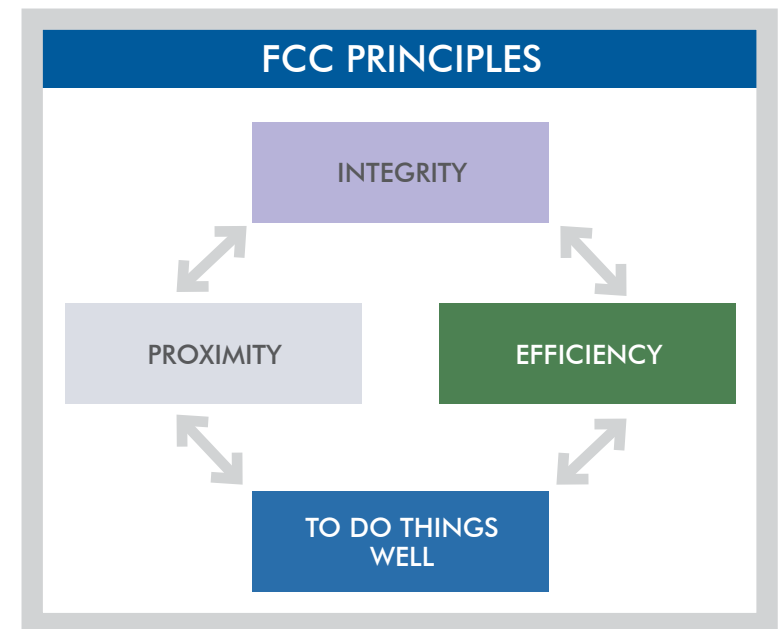
The Code applies in all countries where the company operates and affects all employees, regardless of their level of responsibility and of the geographical location they may work in. The Code's content is based on internationally recognised standards, such as the Universal Declaration of Human Rights, the ILO Tripartite Declaration, the OECD guidelines, the United Nations Global Compact and the Federal Sentencing Guidelines (USA).

It should be noted that the activities carried out by FCC Group's lines of business do not entail any risk of child exploitation or forced labour. In any event, FCC Group explicitly forbids this in its Code of Ethics, and on its employment contracts it requests documentation proving the date of birth of

all employees. In addition, FCC has assumed the provisions in the Global Compact regarding this matter.

In 2011, FCC Group revised its Code of Ethics in addition to updating its principles of conduct, to strengthen the commitments made by its directors, managers and employees in line with the principle of due diligence set forth in the Federal Sentencing Guidelines and to the reform of the Spanish Criminal Code in 2010, thus adapting its Code of Ethics to today's strictest legal standards.

It should be noted that FCC Group's Code of Ethics expressly states that the company carries out its business without interfering with or participating in the political processes of the countries and



CSR EXEMPLARY BEHAVIOUR

communities in which it operates. In this regard, any relationship FCC Group has with governments, authorities, institutions or political parties is based on the principles of legality and political neutrality.

In addition, FCC Group recognises the right of its employees to exercise their freedom of expression, political thought and, in general, participation in public life, as long as doing so does not interfere with the performance of their duties in the company.

2.1.1. Response Committee

Approved by the FCC Group's Board of Directors, the Response Committee is the body whose general role is to promote the dissemination, awareness of, and compliance with, the Code of Ethics in the company. It consists of the General Manager of Internal Auditing, who chairs the Committee, – the General Manager of Legal Counsel, the General Manager of Human Resources and the Manager of Corporate Responsibility, who serves as Committee Secretary.

ANOTHER STEP FORWARD IN COMPLIANCE: CRIME PREVENTION AND RESPONSE MANUAL

FCC Group's commitment to compliance, ethics and integrity has led its governing body to carry out pioneering headway, among publicly owned companies in Spain, in the development of a Crime Prevention Compliance Programme. Among these steps, in addition to the modification of the 2010 Criminal Code in the Code of Ethics, FCC Group has also developed a Manual on Crime Prevention and Response.

This set of internal regulations establishes a structured internal control system aimed at mitigating the chances of Group personnel committing a crime that can lead to the criminal liability of legal persons. That is why the procedures established ensure better control of the company, are binding and have the highest ranking in FCC Group's regulations. The Response Committee is a body chaired by the General Manager of Internal Auditing and depends functionally on FCC Group's CEO.

The procedures in the Manual provide for:

- ▶ Identifying behaviours that entail a risk of committing crimes in the context of the company and the implementation of internal controls by area
- ▶ Giving special attention to crimes that have a greater risk of occurrence
- ▶ Creating the Response Committee, in charge of responding to irregularities, especially those that may be related to criminal activities
- ▶ Establishing a Complaints Management System protected at the highest level, where all complaints received and any actions taken in connection to them are recorded

- ▶ Designating the position of the Controls List Manager for the implementation, supervision and improvement of the Manual
- ▶ Establishing a corporate training plan on preventing and responding to the possible commission of crimes, set in the framework of the Human Resources' training programme.

The Crime Prevention and Response Manual includes the requirement that all employees are obligated to report any information or evidence that a crime or irregularity may have been committed within the scope of the Group's activities, its employees or its managers. The communication channel ensures confidentiality and that there will be no retaliation against the complainant.

Throughout 2011, at FCC Group we have worked to strengthen the company's ethical framework by renewing the company's Code of Ethics and drafting the Crime Prevention and Response Manual.

▶▶▶ The Code of Ethics, the Manual and other regulations are available on FCC Group's corporate website. http://www.fcc.es/fcc/corp/esp/rc_gc.htm

2.1.2. Control of irregularities and resolving enquiries through the internal communication channel

FCC Group offers its employees an internal communication channel to report irregularities or for enquiries or suggestions for improving the company's existing systems with regard to the matters covered by the Code. All FCC Group personnel are required to report any breaches they discover related to the Code of Ethics. To do this, the company has set up an internal communication channel that allows all employees to make a confidential report of any breaches of the Code of Ethics they may observe.

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Monitoring of the communication procedure in matters relating to criminal offenses and in general with FCC Group's Code of Ethics, rests with the Response Committee.

During 2011, the company underwent an external review of its information security management systems in accordance with the ISO 27001 standard, focusing on risk management and on-going improvement of processes. This review included the reporting and communication channel associated with the company's Code of Ethics.

In 2011, the Code of Ethics channel recorded 14 reports of breaches on the following matters:

- ▶ Caring for the environment: 2
- ▶ Political neutrality: 1
- ▶ The health and safety of people: 1
- ▶ Professional development, equal opportunity and non-discrimination: 6
- ▶ Handling of information: 1
- ▶ Use and protection of assets: 2
- ▶ Money laundering and irregularities in payments: 1

There were no reports related to incidents of child exploitation, forced labour or human rights in any sense of the terms. All reports were resolved in accordance with established procedures.

2.1.3. Training on the Code of Ethics

Until 2011, FCC Group has provided training on the Code of Ethics through an online training module so that that all FCC Group employees are aware of and understand the company's commitment to ethics, honesty and transparency, and receive guidance on how best to act in their daily work. In Spain, this training was offered to workers with online access.

The online training module is structured around the importance of compliance with the legal, regulatory and professional requirements assumed by FCC Group and the obligation to report any breaches, as well as around understanding the conduct commitments contained in the Code of Ethics and the procedures and protocols associated with it.

During 2011, the Company did not carry out any general training in this area as the Code of Ethics was being amended. FCC Group plans to implement actions to disseminate the Code in 2012.



Among the activities planned is the development of a training module in its international divisions aimed at ensuring awareness, understanding and compliance with the Code by employees as a key tool to building a culture based on shared values.

2.1.1. Internal Code of Conduct in the Securities Market

In compliance with current regulations, FCC has an Internal Code of Conduct in the Securities Market and a Committee, chaired by the General Secretary, which monitors it in order to, among other competences, to monitor that insider trading crimes are not committed within the organisation.

▶▶ The Internal Code of Conduct is available on FCC Group's company website. <http://www.fcc.es>

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▶ 3. FCC PEOPLE

FCC Group is a big company thanks to the efforts, commitments, abilities and dedication of its employees. It is the Group's people that will make it possible for the company to achieve the ambitious objectives proposed and to continue to create value for shareholders and for society as a whole. Having the best team of people is an important strategic priority for the company and, consequently, so is making FCC an increasingly better place to work.

The Human Resources Strategic Plan aims to promote internal communication through a positive work environment that contributes to the productivity and personal development of our employees. The aim is to provide attractive and stimulating careers and to make use of the attraction and retention of talent, of know-how management, and of equality and diversity to make the company a leader in people management.

Occupational health and safety is another of the hallmarks of FCC Group. The results achieved in this area are evidence of this and demonstrate a progressive decline in frequency and severity rates.

2011 HIGHLIGHTS

- ▶ Promotion of local hiring
- ▶ Redefinition of the global competences model, nationally and internationally
- ▶ Development of performance evaluation model for the entire Group, nationally and internationally
- ▶ Implementation of a flexible remuneration system
- ▶ Development of FCC knowledge maps and implementation of the Corporate Training Model and Plan
- ▶ Development of specific training to support the internationalisation process
- ▶ Development of the FCC Group's Equality and Diversity Policy
- ▶ Creation of the Equality and Diversity Management Team (Spanish acronym EGID)
- ▶ aqualia Gestión Integral del Agua S.A. was granted the Seal of Distinction for Equality in the Workplace
- ▶ Collaboration agreement with the Red Cross on the hiring of women at risk of social exclusion
- ▶ Development and implementation of the Global Employee Master Record
- ▶ Implementation of Internal Mobility Programme
- ▶ Design of the Responsibilities Matrix (Selection and Employment)
- ▶ Redesign of receiving CV via the website
- ▶ Achievement of the "zero accidents" goal in FCC Ámbito

- ▶ Implementation of activities within the framework of the Human Resources Management's Communication Plan
- ▶ Approval of FCC Group's Policy on Occupational Health and Safety and of the Corporate Manual on Occupational Health and Safety

3.1. Promotion and attraction of talent at FCC Group

Attraction and retention are a priority at FCC Group, which is aware that this is one of the factors that distinguishes successful companies. In this regard, the company's Human Resources Strategic Plan 2009 – 2011 has set out specific initiatives to attract and retain talent, to enhance motivation and a sense of belonging, and to increase the international vision of the people in the Group. Activities planned include the following:

- ▶ Promotion of global internal mobility
- ▶ Consolidation of a culture of results-orientated management
- ▶ Development and integration of compensation and benefits policies and models
- ▶ Reinforcement of the training processes common to the different business divisions
- ▶ Implementation of a system to analyse potential and for succession planning for key positions
- ▶ Definition of management skills for FCC Group

The Department of Selection and Employment manages the task of attracting talent to our organisation. In 2011, FCC received over 40,000 CVs and carried out 332 selection processes. In 2011, 32,988 new people joined the company, and 1,139 employees received promotions.

3.1.1. Promoting internationalisation

The Group has the FCC-Alpine programme, which is aimed at attracting high-potential civil engineers with an international profile

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and fluency in English and German. The programme's objective is to initially hire them to work for FCC Construcción. During this period, they will work on a unique construction project while at the same time they take part in a training programme, with the ultimate goal of being hired by our Austrian construction company, Alpine.

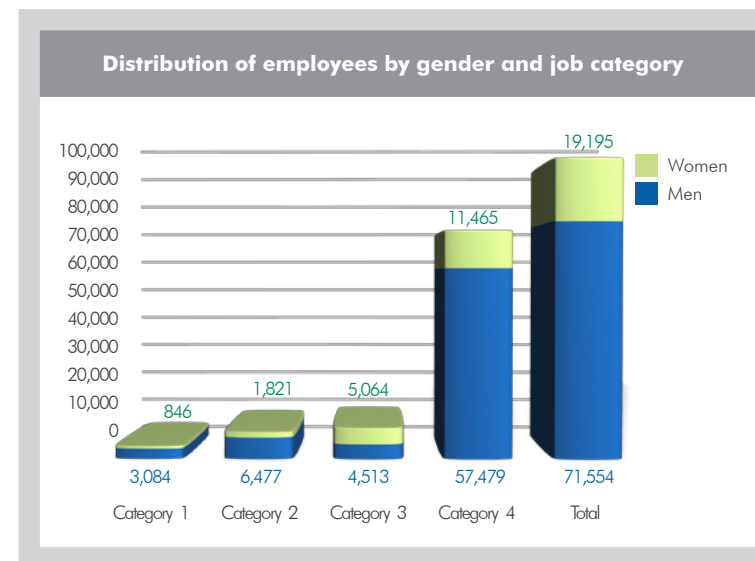
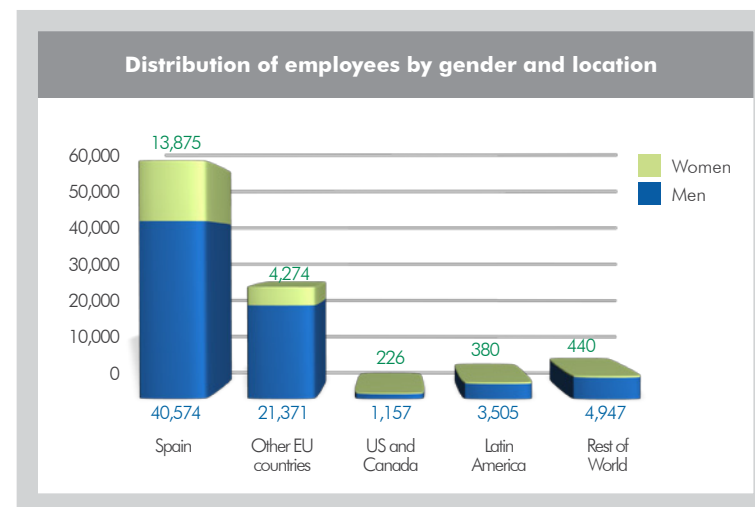
FCC Group also has a full programme of collaboration with universities, business schools and other educational centres through which it promotes entry into the labour market for new graduates. In 2011, 145 interns started their careers in one of FCC Group's companies.

Similarly, the Group has regularly implemented a series of internal mobility plans and initiatives to increase motivation and promote the company's culture. The Internal Mobility Project published a total of 226 job offers. In addition, more than 200 Group employees were transferred to carry out their work outside Spain. It should be noted that local hiring, an objective of the aforementioned Human Resources Strategic Plan, accounted for about 55% of hires recorded in 2011.

To support the internationalisation process, the policy on language training has been redefined and given fresh impetus, and specific training schemes have been incorporated into the Training Plan. Lastly, a course has been designed to support internationalisation for our employees prior to their transfer abroad that provides them with international legal, financial and multicultural management knowledge.

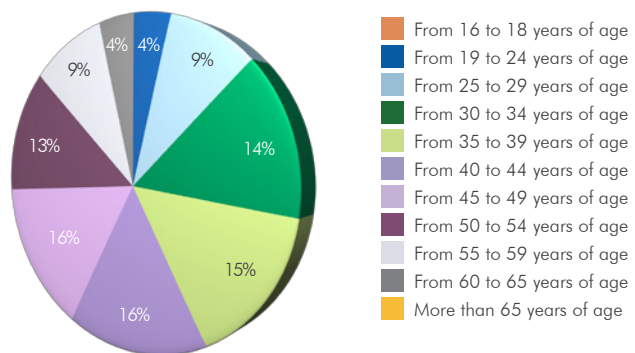
*Key:

- Category 1: Executives and managers, department heads and site managers
- Category 2: University graduates, section heads, heads of department, heads of workshops and qualified personnel
- Category 3: Technical and administrative assistants and middle management
- Category 4: Workers and junior staff

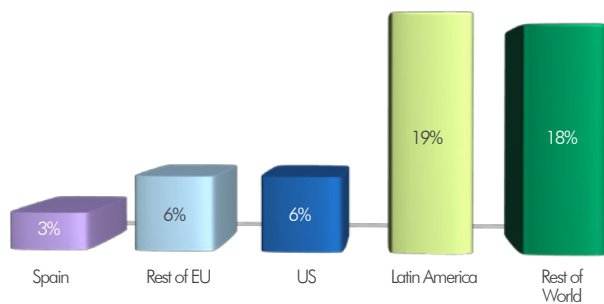


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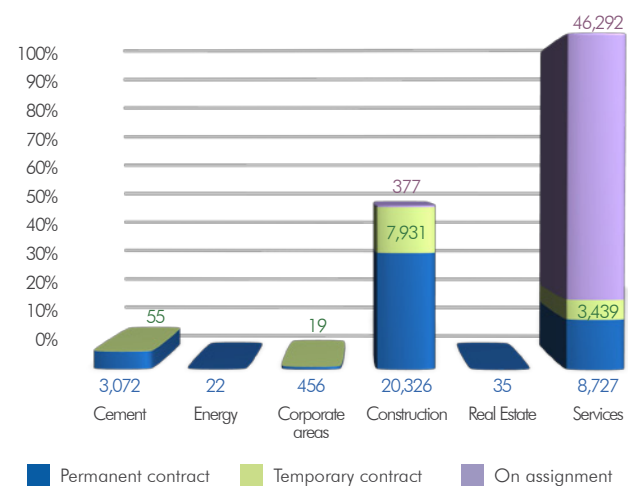
Distribution of employees by age



Average employee turnover by geographical area



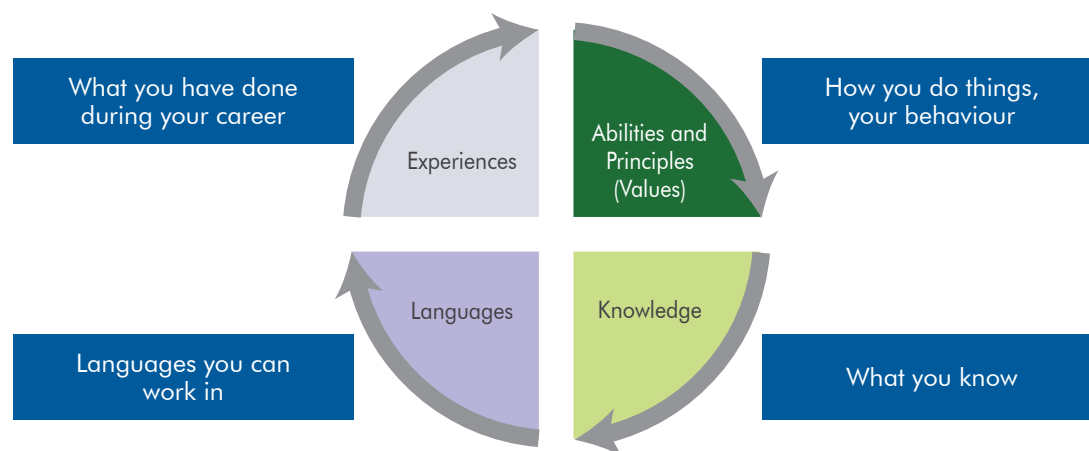
Distribution of employees by type of contract and business division



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Hours of training by business activity (category and gender)

ORGANISATION	MEN					WOMEN					Total
	Category I	Category II	Category III	Category IV	Total	Category I	Category II	Category III	Category IV	Total	
Central services	2,978	4,288	3,619	87	10,972	506	3,895	3,614	0	8,015	18,987
Environment	1,258	91,960	11,547	106,914	211,680	314	19,828	2,149	29,279	51,570	263,250
Field of industrial waste	274	3,404	479	413	4,570	0	712	223	35	970	5,540
Aqualia water management	4,257	21,513	19,935	24,629	70,334	156	8,386		6,513	22,054	92,388
FCC Versia	1,343	16,589	36,595	61,157	115,684	487	6,071	52,332	6,582	65,472	181,156
Construction	32	103,795	420	12,314	116,561	56	30,229	143	1,485	31,913	148,474
Transport	727	1,170	194	3,911	6,002	145	675	433	1,062	2,314	8,316
International environment	12,840	16,462	59,018	49,864	138,184	3,962	9,499	11,454	11,948	36,863	175,047
Cement	2,148	6,107	8,217	11,771	28,243	249	1,065	3,344	287	4,945	33,188
Global Via	0	0	486	0	486	0	0	154	0	154	640
Total	24,598	191,076	143,293	343,280	702,246	5,561	62,798	79,157	77,223	224,270	926,985



3.2. On-going commitment to the development of human capital

One of Group FCC's objectives is to provide careers and development opportunities that are attractive to the best professionals in the market.

The Human Resources Strategic Plan has resulted in the implementation of an organisational model based on responsibilities and abilities, and on the integration of compensation and benefit policies and models. The Plan also includes the objective of reinforcing training as a route to skill building and full professional development.

In 2010, FCC Group redefined the abilities model at national and international levels, from senior management positions to contract manager positions. The skills required to perform each job in an optimal manner can be defined as a body of knowledge ('what you know'), skills and principles ('how you do things, your behaviour'), languages ('languages you can work in'), and professional experience ('what you have done during your career').

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The company is currently working on redefining of a global abilities model for other groups.

FCC Group is also undergoing a process of redesigning its performance appraisal systems, with the aim of making them common to all employees. The model is based on an annual process of goal planning, monitoring and performance evaluation. The aim is to improve people's contributions to company goals and to facilitate their professional development.

In relation to organisational models, 2010 saw the development of the Job Evaluation Project, which consists of analysing what each position contributes to the organisation and of classifying positions by organisational content. The objective is to have a tool to help manage the design of the organisational structure, the classification system and the remuneration policy. In 2010, as part of this plan, we evaluated senior management at the national level. The second phase of the project began in 2011 and is aimed at the subsequent levels of the organisation. Around 1,600 different positions have been evaluated, as well as senior management positions in the international area.

In relation to compensation and benefit policies, in 2011 a flexible benefits system was implemented. This system allows employees to allocate a portion of their compensation to certain benefits instead of receiving cash.

In the field of training, in 2011 FCC Group provided a total of 926,985 hours of training (8% more than in 2010) to over 114,273 participants (13% less than in 2010), with a total investment of €17,644.295 (14% more than the previous year). The drop in the number of participants is due largely to a training session on the Code of Ethics, Equality and the Prevention of Harassment held in 2010 for nearly ten thousand people.

Training at FCC has the following main objectives:

Firstly to obtain increased performance and efficiency from personnel while carrying out their duties and in company operations, and secondly to achieve the professional development objectives of personnel (to improve their employability).

HOW IS TRAINING CONSIDERED BY FCC

- ▶ As a support for the Strategic and Business plans.
- ▶ To develop individual and group talent that is needed at any given moment.
- ▶ As an efficient way to implement a sense of belonging, culture and common values to the entire organisation
- ▶ To manage the Company's know-how and best practices.

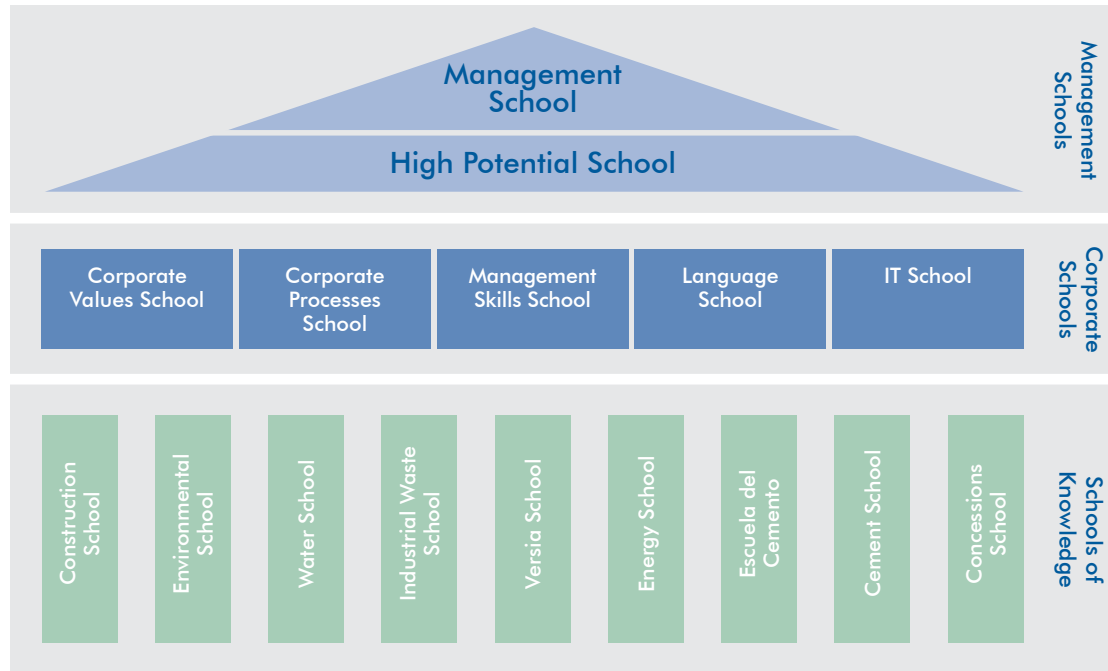
FCC'S PILLARS FOR TRAINING

- ▶ Collaboration with the most prestigious Business Schools.
- ▶ To preserve and disseminate the Group's know-how, culture and values.
- ▶ To align training to the needs generated by the business strategies.
- ▶ The sharing of knowledge and experiences should be part of each employees work.

FCC organises training in the style of a Corporate University based on the businesses and our Strategic Plan, with different schools.

- ▶ Management Schools are aimed at increasing the knowledge and skills of executives and future executives; this is managed in a standardised fashion throughout the different business and corporate areas.
- ▶ Corporate Schools are aimed at providing training on FCC's culture and values, corporate processes, training on skills and abilities, language training, office automation systems, etc. In short, any training that cuts across the different business and corporate areas.
- ▶ And lastly, the Schools of Know-How, which disseminate our know-how linked to the various activities within FCC.

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In order to achieve these objectives, and as a complement to the training plans of each business area, matters that should be common to and cut across all the areas have been included in a Corporate Training Plan: training for the management team, training on FCC's culture and values, training on corporate processes, training in skills and abilities, language training and training in office automation systems.

During 2011, the Corporate Training Model and Plan was implemented further.

- ▶ Within the School of Management, over 200 executives have received training at the IESE business school, and more than 100 executives have participated in the School of Industrial Organization's (EOI) Executive MBA Modules.

- ▶ Within the Corporate Processes School, training has been provided on Finance, Legal matters, Project Management, Information Security, Procurement, etc. matters, much of it specially designed to support the internationalisation of FCC.
- ▶ Finally, in the Language School, specific language training programmes have been encouraged for more than 600 people. These programmes require the student to make the most of and progress in the training as a necessary condition for being able to continue in the programme.

3.3. Key success factors in managing FCC Group people

Diversity, equal opportunity, non-discrimination and the eradication of all forms of harassment are principles and rules of conduct that are part of the set of FCC Group's ethical values.

3.3.1. La diversidad del equipo FCC

FCC Group believes that diversity is factor that enriches the company and generates synergies that enhance know-how and that, therefore, can build competitive advantages. The commitment to diversity is embodied, among other things, in the generation of employment among groups at risk of social exclusion.

In addition, and along with the Code of Ethics, FCC Group has other corporate tools to shape the company's commitment to a corporate culture that enhances respect among employees and equal opportunities for women and men. These are mainly the Equality Policy and the Protocol for the Prevention of Sexual and Workplace Harassment.

FCC Group employs 1,019 employees with some degree of disability and has signed an agreement with Fundación ONCE (for social integration and cooperation) that will enable 150 people with disabilities to be hired between 2011 and 2013. The company also has signed other agreements with different entities a result of which

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the Group will hire people at risk of social exclusion, such as certain groups of young people or women who are victims of gender violence.

3.3.2. Equal opportunities

Equality is part of FCC Group's corporate culture and is strengthened by the development of initiatives tailored to each line of business. In this regard, the company has continued to develop equality plans already agreed in previous years with the main trade unions, implementing specific actions in areas such as access to employment, career development, education and work/personal life reconciliation, among others. New equality plans have also been negotiated at Flightcare and Cemusa, two Group companies.

FCC GROUPS EQUALITY AND DIVERSITY POLICY

During 2011, FCC Group worked on developing its Equality and Diversity Policy. Managing diversity is a central feature of all Group business activities.

The following have been proposed as objectives at the executive level:

- ▶ Maintenance and implementation of the protocol on the prevention of workplace, sexual or gender-based harassment. The procedure to be followed in this regard is published on the intranet as well as on the internal communication channel igualdad@fcc.es, ensuring direct and immediate attention from company management on any issue relating to this matter;
- ▶ Implementation of the already-created and operating EGID (Spanish acronym for Equality and Diversity Management Team), with the collaboration of one person per company with an equality plan and the assignment of responsibilities to each of them (gender violence, work/personal life reconciliation, etc.), provided with formal training on equality;
- ▶ Implementation of collaborative spaces on the intranet for EGID members and spaces for disseminating equality in an open fashion to the entire organisation;
- ▶ Development of committees to monitor the equality plans, taking part in their regular meetings aimed at providing the supervision and revision of the plans and the preparation of annual reports;
- ▶ Fulfilment of the cooperation agreements on combating gender violence entered into with various private foundations and public agencies on the inclusion of women who are victims of this scourge, and the promotion and dissemination of awareness campaigns;
- ▶ Renewal of equality plans that expire in 2012: FCC, S.A. and FCC Construction, S.A., and the negotiation of new equality plans for FCC Sistemas Industriales y Energéticos, S.A. and for FCC Ámbito, S.A.;
- ▶ Internationalisation of online training on equality, prevention of harassment and establishment of equality plans and programmes appropriate to the legal and cultural environment of the country;
- ▶ Deployment of onsite training for people without access to the intranet;

- ▶ Development of training activities and preparing pre-management women aimed at facilitating their access to management posts;
- ▶ Increase in activities related to personal/family/work life reconciliation.

FCC Group is committed to creating a culture of inclusion that seeks out, respects and values differences; it is aware that a workforce built on diversity helps to achieve business objectives and to develop innovative working methods that increase efficiency and improve the quality of services.

Based on this principle, FCC Group implements work practices in order to ensure that no employee or potential candidate is treated discriminatorily for any reason beyond his or her skills, knowledge and professional performance. In addition, internal mechanisms have been set up that ensure that any claims in this matter are thoroughly investigated and result in the adoption of measures in line with the findings of the investigation.



FCC Group also has a training module that encourages employees to reflect on the equal opportunities and to understand the importance of managing this properly. The company is reviewing this module due to the rewording of the equality policy; as a result, it did not provide training on this matter during 2011.

In order to manage equality and diversity across all its business activities, the company has created and implemented the Equality and Diversity Management Team (EGID) – composed of those responsible for the development of the equality plan in each of the Group's businesses and areas of activity, together with the Corporate Department of Labour Relations, which promotes and coordinates the policies on equality and diversity. Its main function will be to generate synergies between the different areas so that the actions undertaken can be extended to all business areas.

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Understanding diversity and equality as key aspects in the management of FCC Group personnel makes our team our greatest asset

3.3.3. Workplace and Sexual Harassment Prevention Policy

The first task to be performed to prevent harassment is mainly related to training. Therefore in 2010 a training initiative for almost ten thousand people was carried out on Harassment Prevention.

On an executive level the following objectives have been proposed: implementing and maintaining the prevention protocol for workplace, sexual or gender related harassment and the procedures explaining how to act are published on the internet. The communications received via the internal Communications Channel are processed and immediate corporate awareness and attention are guaranteed, complaints are fully confidential without any fear of retaliation on any matter related to these issues. In addition, there is an objective to internationalise on-line training on harassment prevention and to establish plans and programs adapted to the legal and cultural environment of each country.

20 incidents were recorded in 2011, (2 for sexual harassment and 18 for workplace harassment) and all the files have been closed.



In the area of equality, FCC's adherence to the "Principles for the Empowerment of Women" in the United Nations Global Compact is also worthy of mention, which aims to strengthen the participation of women in all spheres of economic life. The company also supports other initiatives such as the Ministry of Health, Social Policy and Equality's Campaign against Gender Violence and the awareness campaign promoted by the NGO Save the Children.

In 2011, aqualia was awarded the 'Workplace Equality' seal of distinction by the Ministry of Health, Social Policy and Equality. This award recognises companies that are worthy of recognition due to their design and development of policies on equal opportunities between men and women. Among the criteria assessed in order to receive this award are the implementation and outcome of the measures contained in the equality plans, the establishment of procedures and criteria for the periodic assessment of these plans, the implementation of positive actions that actively promote equal opportunities, and aspects of the companies' organisational models and social responsibility.

Obtaining this certification reinforces the path undertaken by aqualia, in line with FCC Group's policies, that promote the professional development and performance of its employees under the guarantee of equal opportunities. In this regard, the Equality Plan entered into with the Comisiones Obreras Trade Union (CCOO) and the General Union of Workers (UGT) in 2009 remains in force.

In accordance with the social action policies developed by Human Resources and based on FCC's commitment to the communities it serves, in 2011 the company, through its Environment office in Madrid, organised the first seminar on 'The Homeless'. This activity falls within the framework of collaboration that FCC, as the company contracted to provide cleaning services, is carrying out with Social Local Emergency and Rescue Services (SAMUR) in the city of Madrid.

This collaboration consists mainly of sharing what FCC workers may know about the location of and other helpful information on those who are homeless, as well as the activation of Social SAMUR when these people are in emergency situations.

Furthermore, and to mark International Day of People with Disabilities, held every 3rd December, the same Madrid office held its 'First Disability Awareness Day'. The seminar, which was attended by a large group of employees including technicians and managers, is part of the Inserta Agreement, a commitment made by FCC in 2010 to mainstream disability in the organisation, and was organised jointly with the FSC Inserta Madrid provincial office.

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3.3.4. Dialogue with employees

Active dialogue with employees is vital to understanding their concerns, expectations and concerns. For this reason, participation and dialogue are commitments and hallmarks of the company when it comes to managing people. FCC Group actively promotes internal communication among its employees and between the employees and the company. The various internal communication initiatives are part of the strategy to unite workers around a common project, to value the organisation's culture and to embody the company's transparency in providing information and company management.

FCC Group has the Responsibility for Internal Communication. Its main objective is to promote the activities related to communication and specific internal services that are, in turn, deployed in the Human Resource Department's First Communication Plan. This plan sets out the strategies and guidelines that enable the initiation and dissemination of goals, objectives and projects and the development of a network for communication and dissemination of messages to all the people within the Group.

One of the major communication activities implemented at international level was FCC's Second Global HR Meeting in November 2011, which was attended by the heads of HR operations of all the Group's companies and businesses. Its aim was to share know-how and experiences in order to move forward with the policies and projects in line with global company strategy with the intention of increasing our efficiency, competitiveness and addressing the important challenge of internationalisation. The national meeting was held in December 2011.

In addition to disseminating campaigns on raising awareness of and collaboration and participation in the various social and professional causes and commitments assumed by the Group through its Human Resources Department, the role of Internal Communication is to promote the efficient provision of information of interest to workers, with special emphasis on information and messages, policies and strategies directly related to management of the company and its employees' work environment.

Similarly, FCC Group's strategy actively promotes collective bargaining and participation in conferences and activities carried out by labour union organisations and federations. FCC Group maintains channels of dialogue with union representatives and all organisational changes are consulted in advance with the employees' legal representative bodies as well as with the unions present in these bodies in a process of constructive dialogue. In Spain, the entire FCC workforce is covered by collective bargaining agreements, either by sector or by company. This method of providing a basic regulation of working conditions is predominant across the entire organisation in the different countries, notwithstanding other methods of regulation.



In addition, the company adheres to the United Nations Global Compact, and the OECD Guidelines for Multinational Enterprises, which makes express reference to the freedoms of association and collective bargaining, are among the guiding principles of its policy. Moreover, in order to prevent retaliation at the local level due to the exercise of activities related to trade unions, representation, demands or collective bargaining, managers from the area of labour relations are given instructions to provide advance notification to company management of any disciplinary action aimed at anyone in any of the aforementioned situations, so that it can study and, where appropriate, authorise the implementation of punitive actions.

Along this line, given that some of the countries where the company operates have not ratified the ILO Conventions on collective bargaining and the freedom to belong to a trade union, we negotiated an international framework agreement with the Building and Woodworkers' International Federation (BWINT), reached before the end of the year and signed the following year on 21st February 2012.. This framework agreement expressly sets out these rights and a mechanism for protection against the abuse of either, a formula for

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the publication and dissemination of the agreement at the local level and a joint body to study and resolve conflicts. This is the first international framework agreement signed by a Spanish company operating in the construction industry.

Finally, it should be noted that employees are notified in advance of all changes related to organisation, operations and local or foreign transfers. However, there is a prior consultation process when these changes may involve a change in the ordinary working arrangements of employees. Relevant information is provided to workers' representatives and/or trade unions present in the area affected prior to the adoption of a final decision, and a negotiation process is initiated in order to exchange the perspectives and aims of the different parties.

3.4. Health and safety – a priority at FCC Group

Maintaining a safe and healthy work environment is one of FCC Group's corporate strategic priorities. The company continually strives to support and strengthen its culture of prevention, exchange experiences and ensure that knowledge about best practices is transmitted between the different businesses.

The responsibility for FCC Group's health and safety rests with the Human Resources Department, and is adapted to the organisation's complex structure by taking into account management areas, types of activity, corporate departments and perimeters of action. However, it should be noted that each FCC Group subsidiary sets its own targets for improvement in the area of occupational safety and takes the appropriate steps to achieve these objectives based on the specific nature of their activities.

DEVELOPMENT OF FCC GROUP'S FRAMEWORK FOR ACTION IN OCCUPATIONAL HEALTH AND SAFETY

FCC Group's Board of Directors has approved the Policy on Occupational Risk Prevention that reflects the global principles of occupational health and safety applicable throughout the company.

This document, presented by the Human Resources Department, emphasises the importance of preventing occupational risks and of continuously improving health and safety conditions. To this end, there are three main lines of action identified as the main focus of this policy:

1. Continuous improvement in working conditions and in the reduction of accidents
2. A commitment to compliance by the entire organisation
3. Involvement of all interest groups, including clients and suppliers

This policy is the result of extensive experience in the field of occupational risk prevention and includes all binding principles in accordance with current legislation in this matter.

In addition, the Human Resources Department has approved and disseminated through all the organisation's departments the Corporate Occupational Health and Safety Manual. This manual defines the corporate criteria and standards upon which, in general, the management of risk prevention in FCC Group companies and business areas should be based.



The manual is a reference tool as well as a tool for the internal regulation and preventive activities of the organisation. Its purpose is to standardise and internationalise management criteria aimed at properly complying with corporate policy on the matter.

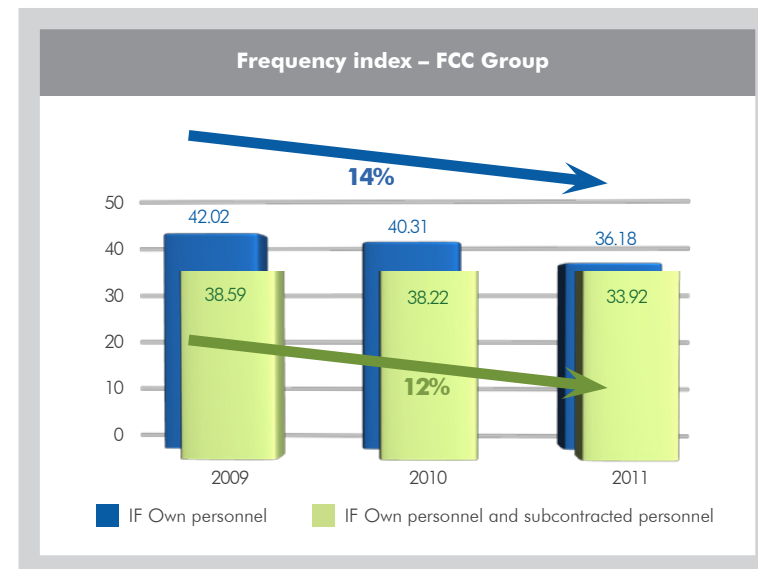
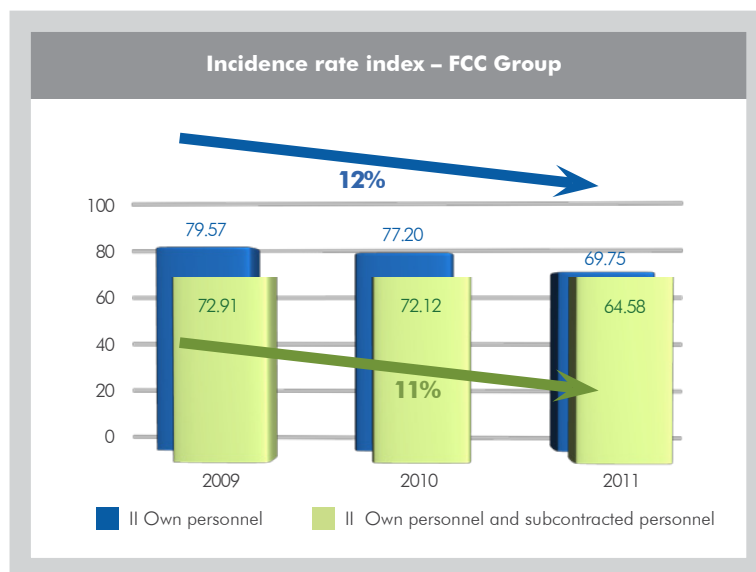
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FCC Group's commitment to occupational health and safety is clearly demonstrated by the growing number of Group companies certified by independent external bodies in accordance with the OHSAS 18001 standard. In 2011, over 80% of the people working at FCC Group were covered by systems certified under this standard, both in Spain and internationally.

3.4.1. "Zero-accidents" culture

FCC Group's management system and the new reorganisation of work help to maintain and continue our aspirations towards the primary goal of '0 Accidents' set by the Group. With this goal, beginning after the establishment of the new structure and management, the company has launched several lines of work and carried out initiatives aimed at maintaining and strengthening the integration of a prevention culture and at improving the results. These activities include:

- ▶ The development and presentation of the First Annual Prevention Awards.
- ▶ FCC Newsletter: disseminating information about healthy lifestyle habits and well-being for workers along with safe work habits in the Group.



- ▶ Creation of the Road Safety website on the Group's intranet.
- ▶ Launching specific campaigns (e.g., Building Safe Bridges, road safety).
- ▶ Training occupational risk prevention (ORP) technicians by means of workshops on health and hygiene, ergonomics and psychosociology, and courses on OHSAS audits.
- ▶ ORP Committee. Development of inter-area corporate meetings to address prevention management. Specific working groups.
- ▶ Integration of the ORP training programme into the Group's Training Plan.

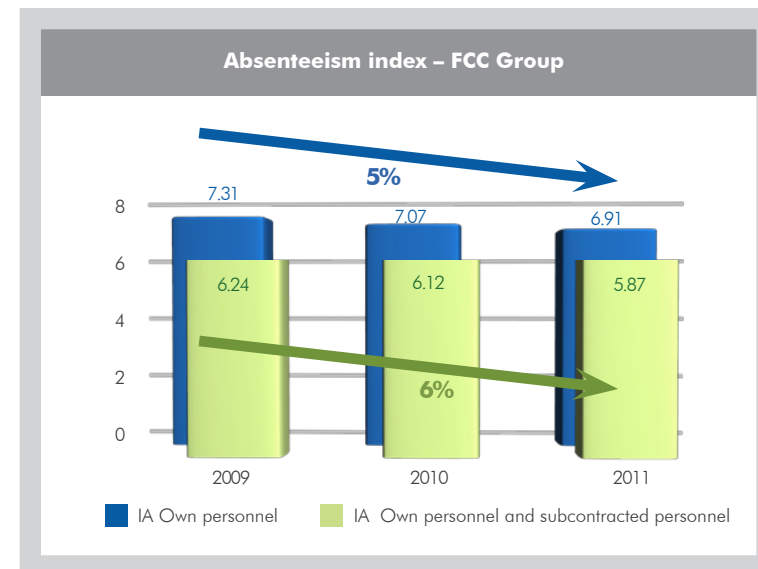
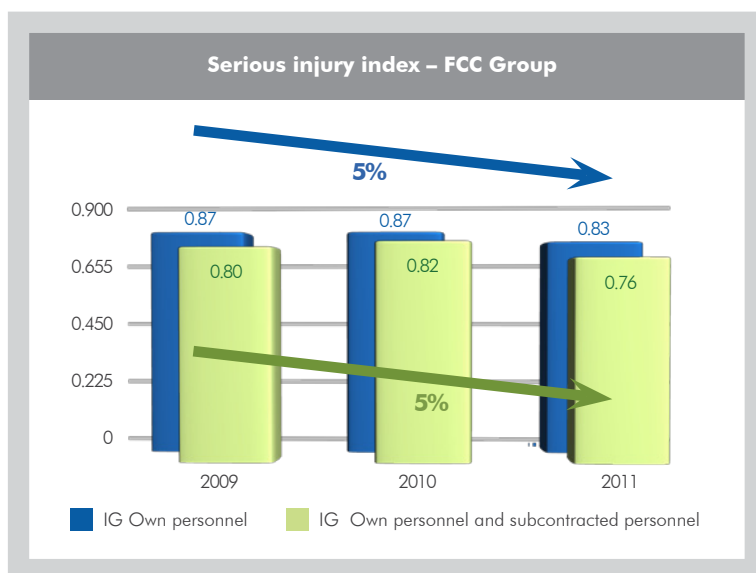
One of the accomplishments of this work is having achieved zero accidents in the FCC Ámbito division throughout all the territories it operates (Spain, the United States, Italy and Portugal) during the

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month of December. This division carried out meticulous risk prevention work and, as a result, there has been notable progress, including a 42% reduction in occupational accidents over the last three years; the creation of a Joint Prevention Service in Spain and certification in accordance with the OHSAS 18001 standard of the FCC *Ámbito*, the industrial waste division in Spain and Portugal.

Data for occupational accidents have continued the trend to improve when compared to previous years. This positive development is partly due to the actions and programmes implemented across the entire organisation.

Also in 2011, FCC Group provided 318,798 hours of training on health and safety to more than 62,400 participants, with an estimated investment of 4,995,808 euros. During the same year it is worth mentioning the integration of the ORP General Training Programme.



The accident rate indicators show significant signs of improvement over the last three years, taking into account both the simple index (own personnel) and the integrated index (own personnel and subcontracted personnel).

►► In itinere accidents and the number of related sick leave hours are not taken into account when calculating the indexes. This applies to the entire Group (national and international).

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3.4.2. Strategic Road Safety Plan 2010 – 2015

Another strategic activity for FCC Group along this line is the Strategic Road Safety Plan 2010 – 2015, which is the company's response to the social and work-related problems entailed by road accidents. The Plan is deployed in four specific action plans: Road Safety ORP Plan, Road Safety Health Plan, Road Safety Education Plan, which also addresses educational practices aimed at people with disabilities, and Road Safety Mobility Plan.

Furthermore, the Road Safety Strategic Plan is a project that is being progressively internationalised, and FCC Group has set a goal to cover more than 90,000 employees located world-wide and to have a direct impact on more than 200,000 people, including clients, suppliers and people in the workers' family environment. It will also have a significant impact on FCC Group's fleet, which totals more than 21,500 company vehicles.

As part of the Road Safety Strategic Plan, FCC Group has signed the European Charter for Road Safety, a European Commission initiative whose main objective is to implement specific actions to reduce road accidents, to assess the results and to promote awareness of the need to reduce deaths from this type of accident.

In addition, FCC Group and Fundación Mapfre have signed a collaboration agreement which establishes an exchange of resources, information, knowledge and experience in road safety and whose aims are to:

- ▶ Train and provide information about one of the most common risks: road accidents occurring during job-related travel
- ▶ Achieve a greater awareness of the risks involved as a driver and as a pedestrian

FCC Group works actively to incorporate best practices to encourage social awareness activities that contribute to the prevention of road accidents and to promote road safety education. In this regard, in 2011 the Group signed a collaboration agreement with FESVIAL (Spanish acronym for Spanish Foundation for Road Safety) which establishes a relation aimed at working on joint actions. This initiative is part of the Strategic Road Safety Strategic Plan 2010-2015 being developed by the Group.

3.4.3. Collaboration with external institutions

The FCC is an active agent in promoting and disseminating the culture of health and safety and good practices in this field. This is why it shares its knowledge in this field in various forums, organisations and associations dedicated to promoting good management practices.



The company is also a member of AESPLA (Spanish acronym for Spanish Association of Occupational Risk Prevention Services). At the national level, the company cooperates with the National Construction Confederation, the Association of Construction Companies of Madrid and the Regional Institute of Occupational Health and Safety; at the European level, FCC Construcción is working with the European Construction Federation, where it represents the Spanish Federation of Construction Companies. Within the industry, FCC Group is present in the Association of Spanish Construction Contractors' (SEOPAN) Commission on the Prevention of Occupational Risks and Social Security and in the Chairmanship of the Safety Commission of the European Construction Federation.

In addition, Cementos Portland Valderrivas is a participant in associations such as Oficemen and Anefa that study of indicators of work-related injuries and establish preventive action plans in order to eliminate the causes of accidents.

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► 4. THE FCC GROUP'S ETHICAL PRINCIPLES - ALSO PART OF THE PROCUREMENT AND SUPPLY CHAIN.

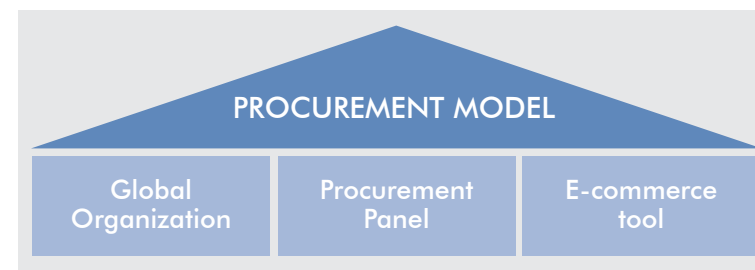
For FCC Group, ethical, honesty and integrity-based behaviour will necessarily entail including the companies involved in its procurement and outsourcing chain.

FCC Group bases its initiative strategy with suppliers and subcontractors on establishing stable and lasting business relationship, thereby supporting them in carrying out their business activities with efficiency and full guarantees. Because of the type of activity that FCC engages in and the products and services it requires, almost all of its procurements are from local suppliers; for example, in Spain these total well over 90%.

FCC Group has a Procurement Management Model whose main objective is to secure the cooperation of the leading companies that are the most competitive in their markets. The model uses responsible principles and the most advanced technological tools and methodologies available in the market to select these companies.

The FCC Group's Procurement Model is gradually being extended to all Group purchases. In 2011, it was widely applied in Spain for more expensive purchases (those higher than a threshold established per Business Unit) and on an occasional basis in all countries for certain purchases. This is a structural solution used to implement integrity and efficiency in the procurement and supply chain given that, in addition to making the most of synergies and building purchasing capacities that provide efficiency and generate value for FCC's businesses, it is designed to carry out purchases based on responsible principles in line with FCC's ethical precepts.

These principles include competition and equal opportunities, the segregation of duties between the managers of the Business Unit and the Procurement Department, transparency in the process and in decision-making, objectivity and agreement between all those involved in the purchase, and the mutual fulfilment of the conditions for awarding the contract.



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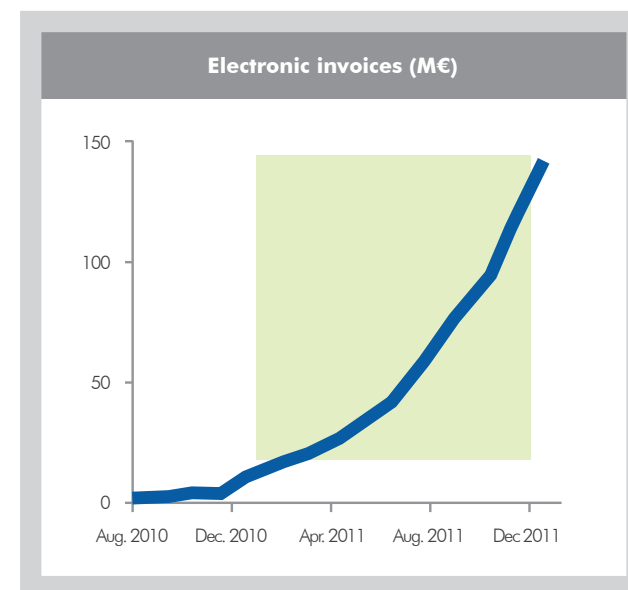
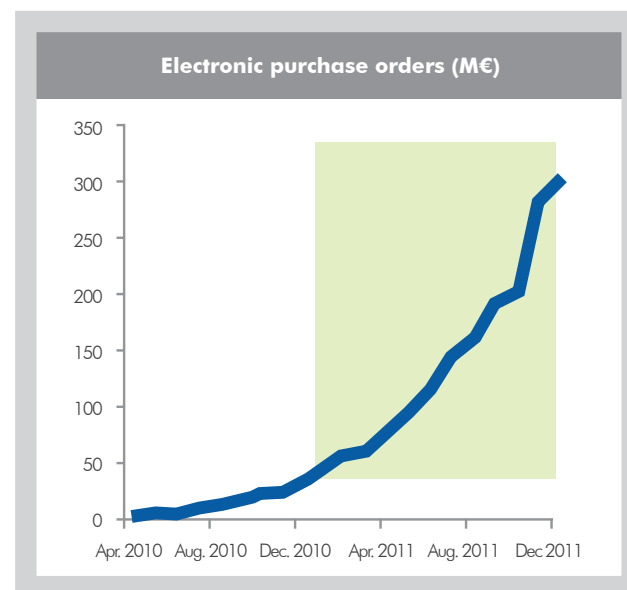
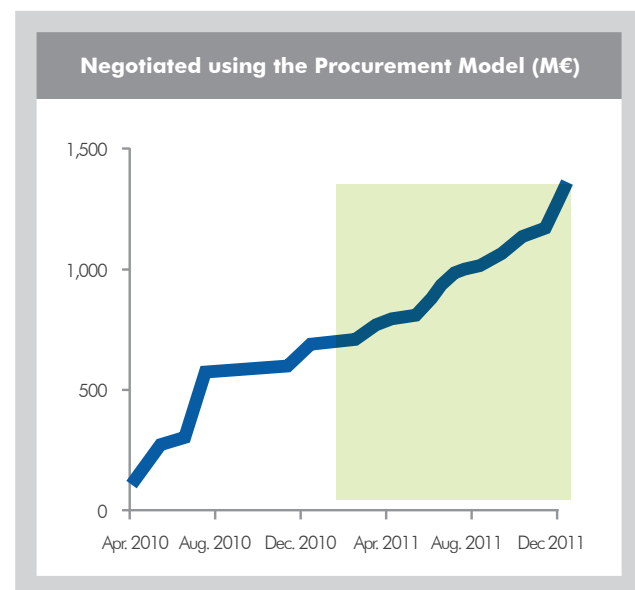
From the methodological perspective, the Procurement Management Model is based on three pillars:

- ▶ A global organisation – the Procurement Department – located in the Group's parent company (FCC SA)
- ▶ Processes aimed at adopting shared decisions taken in a corporate body, FCC's Procurement Panel.
- ▶ An e-commerce tool that supports all activities providing efficiency to both FCC and its suppliers and facilitates the mutual fulfilment of commitments

During 2011, 688 million euros have been negotiated under the new Procurement Model with 100% of the tenders for this amount being handled electronically. In addition, purchase orders amounting to 269 million euros were placed electronically and invoices amounting to 130 million euros were received. In 2011, 1,171 suppliers were included in this electronic market. Along with the 511 included in 2010, the total number of suppliers registered in FCC's electronic tool as of December 2011 is 1,682.

Moreover, in order to extend the principles of social responsibility and integrity to the supply chain, and following the guidelines of FCC's Management Committee, a clause on FCC's Code of Ethics continues to be included in all contracts with suppliers and subcontractors. This clause requires all suppliers, subcontractors and the companies we work with to be familiar with and to comply with the Code of Ethics, which is available in all the languages of the countries where FCC operates.

Another clause that continues to be included in contracts with suppliers is that of the obligation to comply with the Ten Principles of the UN Global Compact. In their contractual relationships with FCC, suppliers and subcontractors agree to assume the ten Global Compact principles promoted by the United Nations, which the



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Group agreed to in 2007 (www.pactomundial.org). Breach of any of these principles may lead to the termination of the contracts.

It should be noted that another criterion for the selection of suppliers are certifications of their quality and environmental management systems. In addition, some lines of business have complementary policies on supplier management that take into account the specificities of the business.

The goal is to secure the cooperation of the leading companies that are most competitive in their markets, using responsible principles during the selection process and encouraging their involvement in behaviour that exemplifies integrity.

► 5. FCC GROUP, A REFERENTIAL COMPANY

FCC Group was invited in 2011 to various forums to share information on its plan to reinforce ethics and integrity. In this regard, the Group has had the opportunity to present its achievements and progress in this area to major opinion makers - (Madrid Stock Exchange, State Ports, Instituto de Empresa Business School, Chamber of Commerce, Centro de Estudios Garrigues, Forética, Club de la Energía, Parliamentary Groups, State Corporate Social Responsibility Council, San Pablo CEU University, etc.)

Within the forums in which the company is actively involved, (especially the Club of Excellence in Sustainability, Forética and SEOPAN's CSR Commission), it is worth mentioning that the aforementioned club has launched a Corporate Governance Commission, FCC directs the work of this commission through its Corporate Responsibility Manager, and leading companies in this matter in Spain are represented on the Commission. The agenda of the Commission includes various issues related to the matter, such as the importance of ethics in organisations, the analysis of the implications of the Sustainable Economy Act on corporate governance, the European Union's Green Paper on the European framework for Good Governance, the reform of the Criminal Code and issues related to remuneration systems, action guidelines for proxy advisors and the peculiarities of good governance in the different types of companies represented at the Commission.

This commission is attempting to give impetus to member companies and to promote the development of programmes for effective ethical compliance.



5.1. Recognition of FCC Group's work on sustainability

In 2011, the work done by FCC Group in favour of local communities, the well-being of citizens and the environment, received numerous awards, among which were the following:

- FCC Group received the Corporate Social Responsibility Award presented by the Comisiones Obreras Trade Union's Construction and Wood Foundation in the category 'Commitment to the Community' at the first edition of these awards. With this recognition, the Citizen Services Group saw its efforts recognised, in the words of the jury 'to create a solidarity network by focusing its work on groups with special difficulties'.
- FCC Group also received the second-place prize at the European Environmental Awards from the Fundación Entorno for the design and implementation of a protocol to quantify greenhouse gas emissions from construction. FCC was awarded second place in the 'Sustainable Development Management' category. This

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project, a pioneer in its sector, consists of the implementation of a protocol to measure greenhouse gases (GHG) in order to improve knowledge about emissions from construction activity and for the stringent quantification of these gases.

In addition, FCC Group continues to be part of the most prestigious indices that measure sustainability and responsible investment, such as DJSI World and STOXX, and has obtained the SAM Bronze Class rating; FTSE4Good and FTSE4Good IBEX. The Group has also participated for the third consecutive time in the Carbon Disclosure Project (CDP) and in the Business in the Community index (winner of the 'significant improver' award) through WRG.

►► For more information about the awards and recognitions received by FCC Group visit the company website: www.fcc.es



INTELLIGENT SERVICES CSR

INTELLIGENT SERVICES

The intelligent services that FCC offers intend to position the company at the forefront of the design of the sustainable urban communities. Its experience within the field of sustainability allows the Group to develop innovative solutions by means of a flexible and efficient management model.

Understanding and anticipating trends in urban communities of the future is possible through the identification and evaluation of opportunities. The Group focuses its strategies on the integration of carbon as a variable in its activities as a whole, with its business taking on the challenge of being part of the solution to the problem of greenhouse gas emissions generated in urban areas.

INTELLIGENT SERVICES MILESTONES IN 2011

- ▶ Creation of the Innovation Committee, coordinating body in this field under the FCC Group.
- ▶ Approval of the initiative presented at the INNVIERTE Sustainable Economy Programme-2011.
- ▶ Approval of the IROSI project "Integrated Research on Sustainable Islands". Said project was one of seven selected from more than forty proposed in the 2011 Innpronta programme of the Centre for the Development of Industrial Technology (Spanish acronym CDTI).
- ▶ More than 60 projects under development during 2011.
- ▶ Participation of FCC Construcción in leading Research, development and innovation (RDI) forums
- ▶ Development of the Aqualia All-Gas Project for obtaining biofuels
- ▶ Development of FCC Group's Climate Change Strategy
- ▶ Constitution of the FCC Group's Climate Change Commission.
- ▶ Monitoring of FCC Construcción's GHG emissions in accordance with UNE-EN ISO 14064.
- ▶ Definition of the organisational parameter of FCC Environment Services to calculate its carbon footprint.

ACTION PROGRAMMES

- ▶ Anticipating the design of urban communities of the future – institutional work.
- ▶ Leadership in innovation –for the fight against climate change.

2014 OBJECTIVES

- ▶ Creation of a Global Eco-City observatory antenna.
- ▶ List of trends in the design of Citizen Services, based on knowledge of leading institutions.
- ▶ Definition, actions and heightening the Group's strategy to combat climate change.

▶ 1. THE INNOVATION OF FCC GROUP

FCC Group is aware of its responsibility to use natural resources in an ever more efficient way. The strong population growth forecast for the coming decades, combined with the phenomenon of more and more intense urbanization, will increase the environmental pressure on the planet.

In this context, the company assumes that the solution to this challenge is found in the search for efficiency and the intensification of technological research and development programmes, which position the company as a provider of quality products and services, and as a reference point for public administrations that are more and more in need of efficient formulas to achieve the objective of offering sustainable solutions to new social requirements.

1.1. The RDI, a pillar of sustainable growth

The focus of FCC Group on RDI is evident in the Corporate Responsibility Master Plan 2012-2014. Moreover, it is an issue that is closely linked to sustainability. The development of new materials, the optimisation of processes and efficiency in the use of materials are matters of vital importance in a context of increasingly scarce resources. The investment in innovation allows the undertaking of an effective contribution to sustainable development and, on the other hand, offers the possibility of developing competitive advantages by means of developing sustainable products and services.

An important fact related to 2011, was the creation of the Innovation Committee, a coordinating body in this field within the FCC Group. Its primary mission consists of aligning innovation activities with the company's strategy and establishing the research agenda. It also allows fluid and permanent communication between all areas of business, and establishes the guidelines and common objectives

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held by the Group, seeking to enhance the transformation of innovative ideas into final projects and developments that allow the differentiation of FCC to be perceived.

In the same year, the approval of the initiative presented at the INNVIERTE Sustainable Economy Programme-2011 was obtained. It aims to boost private initiatives of industrial capital within the Energy and Environment Sectors in order to jointly invest, with public funds, in technology and innovation-based SMEs that have potential for high economic growth.

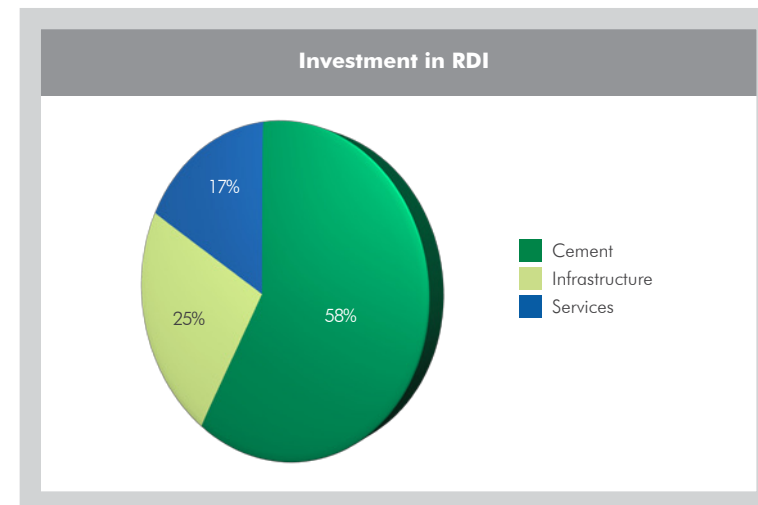
In parallel, the IROSI "Integrated Research on Sustainable Islands" project was approved, which was one of seven selected from more than 40 proposed in the Innpronta 2011 programme of the Centre for the Development of Industrial Technology (Spanish acronym CDTI). This is headed by FCC S.A through the Environment and Energy divisions, with other divisions from the Group also participating such as Aqualia, FCC Construcción and Cementos Portland Valderrivas, as well as several external companies (Acerinox, Prainsa, etc.). It has a total budget of more than 15 million Euros. Its objective is to conduct advanced and ambitious research on elements, materials, technologies and systems that are necessary for sustainable urban development of the future.

The minimization of negative environmental impacts whilst maintaining or improving the quality of the service provided is the objective that guides the research agenda of the company regarding RDI. With more than 60 projects in operation around the world, the primary areas of activity are focused on making methodologies, techniques, systems, equipment and processes more environmentally sustainable.

In particular these activities focus on:

- ▶ Sustainable urban development.
- ▶ Design of new high-performance sustainable products.
- ▶ Optimisation of processes.
- ▶ Improvements in information technologies, the control of processes and data management.

The importance that the company confers to RDI is seen in the level of investment that it sets aside for these projects. Specifically, investment in 2011 amounted to 16.3 million Euros, remaining at the levels of the previous period.



The FCC Group seeks to establish synergies between its areas of business with an individual margin sufficient to allow for the development of pioneering products and services, improving the quality of the service provided to the client.

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1.1.1. Innovation in Construction and Cement

FCC Construcción and Cementos Portland Valderrivas carry out specific sustainable construction projects, prioritizing the reduction of emissions and energy consumption, as well as the efficient use of resources. The following are included among the most important projects related to sustainable construction:

- ▶ Fénix Project focused on strategic research on safer and more sustainable roads. This Project aims to generate the scientific and technical knowledge necessary to develop safer roads for users with a minimal and sustainable impact on the environment.
- ▶ Buildsmart: The primary objective of the project is the incorporation and demonstration of constructive, innovative and cost-effective techniques and methods in buildings with very low energy consumption in different climatic zones.
- ▶ The Newcrete Project for the development of a new concrete material capable of acting with a property profile that achieves a material that meets the following objectives: a) Generation of a more sustainable material based on new lines of comprehensive use of construction and demolition waste. b) The elimination of the need to use bentonite slurries, c) Obtaining a quality material, without causing disintegration or problems due to a lack of compactness, d) Elimination of problems associated with maintenance in underground structural elements by developing improved durability, e) Use of new assembly systems, such as fibres.
- ▶ The CETIEB Project has as its objective the development of innovative solutions for monitoring air quality inside buildings, carrying out research into passive and active systems which improve the quality of same. The focus is on developing cost-effective solutions that ensure a broad application of the developed systems.

For its part, the Cement Division has created a Knowledge Management department that is directly related to the RDI area, which has somewhat increased corporate resources and involves over 120 people from the organisation in various on-going projects, backed by integrated RDI in the organisation.

In this RDI strategy the lines of work are focused on the research and development in the manufacturing of special products and materials with lower energy consumptions and less CO₂ emissions, the fight against climate change, both by means of fuel valorisation and by developing new products, and the design of products adapted to new niches in the market as substitutes for existing ones. For example, the development of innovative products such as express concrete; which is a quick-setting concrete that could be used in special conditions caused by natural disasters.



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1.1.2. Innovation in the Environment

The most recent initiatives in 2011 were focused both on the areas of mobility and emissions:

- ▶ The development of electric vehicles or electric hybrid vehicles for waste collection in order to reduce pollutant emissions has led to the launch of the electronic PLUG-IN hybrid tank vehicle (in the field of machinery). It consists of a 5m³ street washer with a reduced width of 2.2m, made from polyester, over an electrical-hybrid chassis which is rechargeable from the power grid and capable of providing a purely electric service. A vehicle with no pollutant gases has been made which has minimal sound emissions.

- ▶ Replacement of diesel for less pollutant alternative fuels.
- ▶ Manoeuvrability in the urban environment
- ▶ Reduction in sound emissions
- ▶ Improvements in the emission of exhaust fumes

▶▶ If you require more detailed information on the RDI projects of the FCC Group, please visit the company website: <http://www.fcc.es/fccweb/responsabilidad-corporativa/innovacion/retos/index.html>

INNOVATION IN FCC ÁMBITO, IN THE TREATMENT AND REUSE OF WATER



The Group's industrial waste division, FCC Ámbito, via its subsidiary in the United States, FCC Environmental, has undertaken a research and development project on recycling for the reuse of water used in fracking, a by-product of drilling for deposits of Natural Oil and Gas. This water is known as Flowback Water (2,500 cubic metres per well), it is contaminated with various heavy metals, such as Ba, Mg, Sr, Ca, Fe, sulphates, carbonates, bacteria and a high level of salinity. It also contains various dissolved chemical additives used in the starting water.

The objective of the research project was to study different types of water treatment in order to find the one that is most efficient, from an environmental and economic point of view. The treatment should clean the water to the point that it can be reused as starting water in the process of fracking operations. Finally, the most adequate treatment, which also meets all requirements demanded by the American Environmental Protection Agency (EPA), is a physical-chemical treatment, in which various chemical reagents are added in order to achieve the precipitation of heavy metals. As a result of this research, a mobile plant has been built which is capable of treating a volume of 50m³ / h of Flowback Water.

This plant offers a solution to the problem of discharge and treatment of Flowback Water while at the same time it offers many environmental advantages (reduction in the consumption of water from rivers, lakes and other natural sources, reduction in the use of chemical additives, and a reduction in the emission of greenhouse gases as a result of the transportation by land of the water in question, etc.).

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INNOVATION IN AQUALIA BENEFITTING EFFICIENCY AND CLIMATE CHANGE MITIGATION

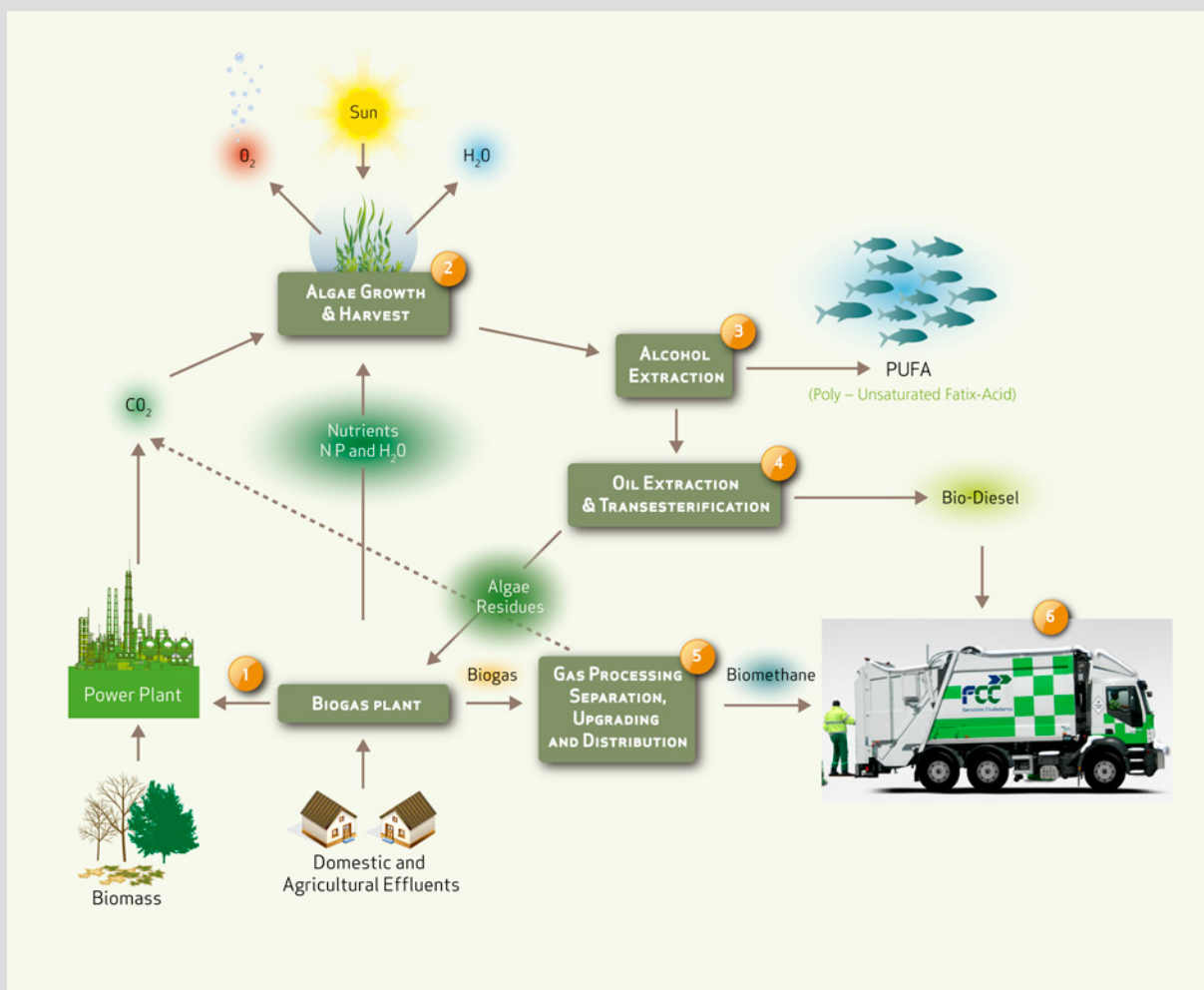
Aqualia, the FCC Group subsidiary that is devoted to comprehensive water management, in its commitment to innovation in the strategic line of intelligent services, has developed the All-Gas project that will allow biofuels to be obtained from the treatment of waste water. Under the leadership of Aqualia a further six research companies are participating from Germany, United Kingdom, Holland, Austria and Turkey.

The basis of the project is the use of wastewater for the cultivation of microalgae and its subsequent conversion to energy products such as biodiesel. The waste-water treatment plant -WWTP- of El Torno in Chiclana, Cádiz, has the essential facilities necessary for the research phase. In the adjoining municipal salt works, two lagoons, an algae collection system and a 10-hectar industrial plant for the cultivation of algae will be set up.

Among the advantages and innovations of the All-Gas Project is improved efficiency, since it involves the cultivation of fast-growing organisms such as microalgae, as well as the simultaneous elimination of nutrients from the waste water and the collection and processing of biomass for oil and other chemical extractions. This technology makes it possible to efficiently obtain biofuels such as biodiesel, biogas and biomass, without the need for large plantations of nutritional raw materials, and by which the consequential increase in foodstuff prices is avoided.

The All-Gas project falls within the framework of the commitment by the EU to reduce dependency on fossil fuels, so that by 2020 year 20% of energy will come from renewable sources.

The work of aqualia in technology platforms on water and biomass, for example Bioplat- with the support of the Ministry for the Economy and Competitiveness, and the experience in water management, has been reflected with outstanding recognition by prestigious publications such as Global Water Intelligence (GWI) as "Best Water Management Company in the World". And in 2010, the same publication awarded the financial closure of the water treatment plant in New Cairo, Egypt, with the "Water Deal of the Year" award.



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▶ 2. FCC GROUP AGAINST CLIMATE CHANGE

FCC Group shows its commitment to the fight against climate change by maintaining a thorough control over the GHG emissions of the entire company. FCC has made efforts to reduce carbon emissions associated with its business, promoting synergies that allow maximum advantage to be taken from existing capabilities within the Group. The importance of this fact is reflected in the Corporate Responsibility Master Plan 2012-2014, which includes, among its lines of action, specific initiatives aimed at guiding the strategies of the company to integrate carbon as a variable throughout its business activities with the goal of assuming a leadership position in innovation in the fight against climate change.

Within FCC Group the strategy to minimize emissions is based on:

- ▶ The optimisation of productive processes.
- ▶ Energy efficiency.
- ▶ The exploration and use of new and alternative fuels.
- ▶ The use and development of renewable energies.

2.1. The risks of carbon, a priority in our business

FCC Group, during 2011, carried out an initiative in order to determine the carbon footprint of the Group and to analyse the primary sources of emissions, specifically for each area of its business. This work has allowed the main operative risks to be established, by volume of business and from a financial perspective. Moreover, the company found opportunities related to adapting business to new scenarios and an increase in demand for services.

The most significant risks identified are related to regulatory changes, the rising cost of raw materials or a higher frequency of extreme physical phenomena. The opportunities however, are found in improving energy efficiency in production processes and the development of new products and services, especially in the energy sector.

Additionally, the analysis also allows us to deduce that the area possibly the most affected might be the cement one, since it is the main source of emissions of the FCC Group, and moreover it is subject to the European Emissions Trading Scheme, which is expected to become even tighter in the future.

If we consider the risks associated to the business, due to future restrictions and the volume of emissions of each business, not just Cement activities (within the European Emissions Trading Scheme) but also Environment related (pertaining to the diffuse emissions sector) are the two lines of business with the greater exposure to said risks, FCC Group is very aware of this situation, therefore these are lines of business that develop important initiatives within the field of managing climate change.

Alongside this, the study carried out showed the following results:

- ▶ Report of recommendations to strengthen the emissions inventory of the FCC Group and thus develop protocols for reporting and determining the carbon footprint of the Group.
- ▶ Identification of major emission sources and reduction opportunities in each business area and associated indicators (emissions per unit of activity).
- ▶ Quantification of costs and opportunities for a group of scenarios that can be used by the FCC Group to define objectives and strategies on climate change.

2.2. The fight against climate change, strategic in the FCC Group

The need for a strategic approach that brings together existing alternatives for joint action on climate change, its risks and opportunities, has inspired the development of a strategy on climate change at FCC Group.

The design objective of this strategy is to obtain a consensual result that addresses the diversity of positions in the company. At the same time, it involves making the most of this diversity which is where the greatest opportunity lies: for FCC to identify the most relevant action synergies and the most appropriate joint-methodologies for initiatives.

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DEVELOPMENT OF THE CLIMATE CHANGE STRATEGY OF FCC GROUP

General objective.

To set out a climate change strategy for FCC Group, which addresses challenges and opportunities, both in the area of mitigation (reduction of greenhouse gas emissions GHG) and in the area of adaptation (impacts of climate change).

Specific objectives.

- ▶ Establish the basis for calculating the carbon footprint of the Group as well as more specific studies of each organisation or area of activity.
- ▶ Identify key areas within each line of business where there is scope for reducing GHG emissions, with particular attention to energy aspects.
- ▶ Analyse the vulnerability, in the organisation and lines of business, compared to the expected impacts of climate change, taking into account the strategic future expected for each and their geographic areas of implementation.
- ▶ Examine the challenges and opportunities arising from the national and international regulatory framework on climate change and energy.
- ▶ Define the lines of action in both the areas of mitigation and adaptation, and outline actions to be implemented.
- ▶ Establish a strategy for communicating the results, both internally to the Group and externally to its customers, employees and the general public.

Our environmental strategy is based on climate change with the mitigation of risks derived from same and the adaptation of our business, in order to make the most of the associated opportunities.

2.2.1. FCC's Climate Change Commission, an impetus to fight against climate change

In 2011 the FCC Group Management Committee approved the setting up of the Group's Climate Change Commission as the coordinating body in the fight against climate change. Its primary objective will be the development of the company's strategy and its areas of business within this scope, focused on managing the risks associated with climate change, but mainly in the analysis and use of its associated opportunities.

Primary roles assigned to the Climate Change Commission

- ▶▶▶▶▶▶ Monitoring of FCC's greenhouse gas emissions inventory
- ▶▶▶▶▶▶ Analysis of risks and new opportunities concerning climate change
- ▶▶▶▶▶▶ Definition of the positioning of the Company in adaptation to, and mitigation of, climate change
- ▶▶▶▶▶▶ Drawing up the responses to external requests from relevant interest groups
- ▶▶▶▶▶▶ Established as principle prescriber within the Group, for matters relating to climate change

Some of the considerations that led to the establishment of this Committee are:

- ▶ The new European climate strategy that modifies the Emissions Trading Scheme, and which applies to the new activities of FCC.
- ▶ FCC group, as a citizen service company, can provide solutions to the problem of high concentrations of emissions in cities over the next decade.
- ▶ The required adoption of a strategy for water management that includes the effects of climate change on the variation of water regimes, floods and droughts; the commitments to managing and reducing the environmental impact taken on by FCC with the approval in 2009 of its Environmental Policy.
- ▶ The capacity of the company to offer services and build and design infrastructures with less energy consumption, fewer emissions and, in general, to reduce its environmental impact, adapted to adverse climatic conditions or to conditions that may change in the future.

The Commission, chaired by the Group's General Manager of Communication and Corporate Responsibility, has as its Vice-chairs, the company's General Manager of Energy and Sustainability and the Corporate Director for the Environment, Sustainability, Innovation and Knowledge Management of Cementos Portland Valderrivas, and comprises representatives from the Group's Corporate Responsibility Department, Cementos Portland Valderrivas, FCC Construcción, Aqualia, FCC Ámbito, FCC Medio Ambiente, FCC Energía and FCC Logística.

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2.3. Reducing emissions in business

In 2011, FCC Group's GHG emissions amounted to 11.917.117,51 t CO₂ eq, a figure that represents a reduction of over 6% compared to the year 2010 in absolute terms, due partly to the reduction in activities. For its part, the specific emissions (Mt CO₂ eq/M€ of turnover) were 1.01, a reduction of 23% compared to the 2010 figure. This reduction shows the efforts that have been made by the Group to reduce its relative emissions by means of efficiency in rendering services.

The divisions with the most important emissions in relation to the Group as a whole are the Cement and Services divisions respectively. Despite low consumption, compared with said two business areas, FCC Construcción also has plans to improve energy efficiency that result in emission reductions.

FCC CONSTRUCCIÓN VERIFIES ITS GHG EMISSIONS INVENTORY

In 2011 FCC Construcción became the first Spanish construction company to have its Greenhouse Gas (GHG) emissions inventory verified by AENOR. The verification is one of FCC Construcción's responses to climate change, which is primarily the result of having detailed knowledge of emissions generated.

Integrating the problem of climate change into the strategy of FCC Construcción also represents a clear competitive advantage, since the Government has decided to award sustainable behaviour. In this sense, a working group has been created to include the carbon footprint in public procurement, looking at the possibility of considering it, within the organization and / or the product or service, as prerequisite or scoring criteria in the tender specifications.

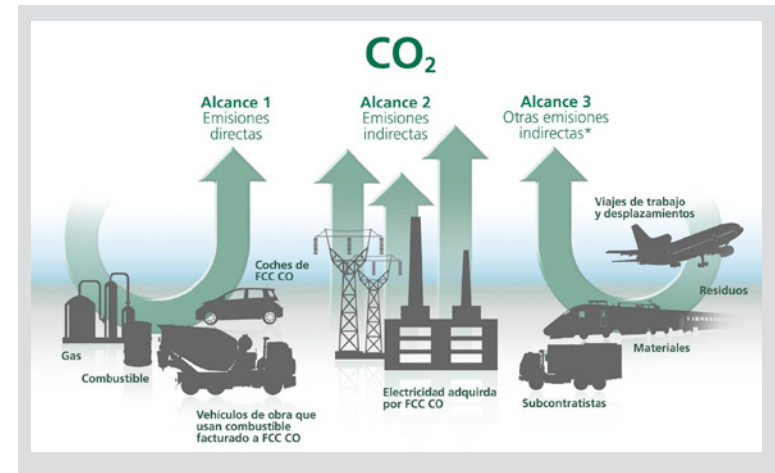
The "Construction CO₂ measurement Protocol" that was produced and verified in accordance with the requirements established by the standard UNE-ISO 14064-1:2006 "Greenhouse Gases. Specification with guidance, at the level of organisations, for the quantification and the reporting on the emissions and removal of Greenhouse Gases", within the framework of the European Network of Construction Companies for Research and Development (ENCORD).

The protocol reflects the GHG inventory from the year 2010 for activities carried out at worksites and fixed centres of FCC Construcción, located in Spain.

It also includes the quantification of the reduction of GHG emissions (avoided emissions) in the year 2010, thanks to the implementation of good practices at building sites.

The quantification of the GHG emissions of FCC Construcción is carried out under the operational control approach, taking into consideration the following scope in the definition of operational limits:

- ▶ Scope 1: Direct GHG emissions, from sources that are the property of, or that are controlled by, the company.



FCC CONSTRUCCIÓN VERIFIES ITS GHG EMISSIONS INVENTORY

- ▶ Scope 2: Indirect GHG emissions, associated with electricity consumed by the company.
- ▶ Scope 3: Other indirect emissions that are a consequence of the activities of the company, but that are produced from sources that are not the property of the company, and which are not controlled by FCC Construcción.

In the upcoming years, FCC Construcción hopes to again verify, every year, its inventory of GHG emissions. In 2012, the construction division of FCC Group intends to extend concepts included in its emissions' inventory, thus giving more coverage to activities of the company and reflecting more realistically the environmental impact of the company.

For this project FCC received from their Royal Highnesses, the Prince and Princess of Asturias, one of the runner-up awards of the European Environment Prizes, in its Spanish edition, which was awarded by the Fundación Entorno (Environment Foundation)

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2.3.1. Cement

The cement manufacturing activity of FCC Group, one of its main sources of GHG emissions, is regulated by the GHG Emissions Trading Directive. For the period between 2008 and 2012 it received an allocation of 7,763,269 t CO₂ per year for its eight manufacturing plants in Spain.

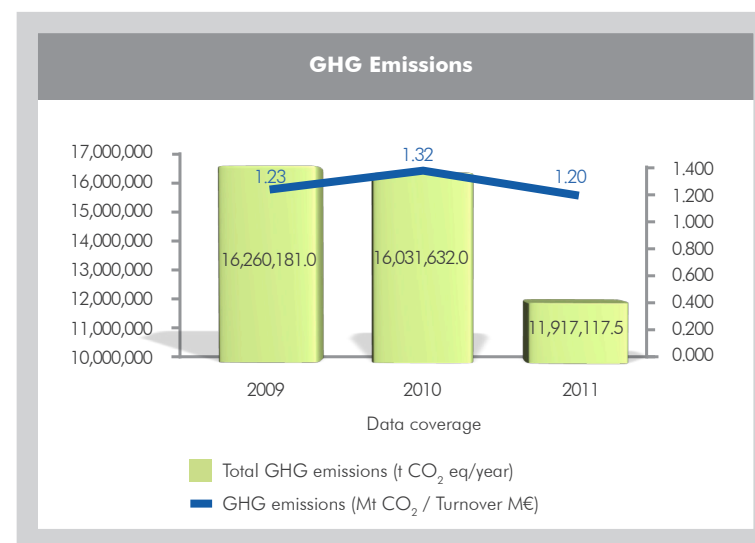
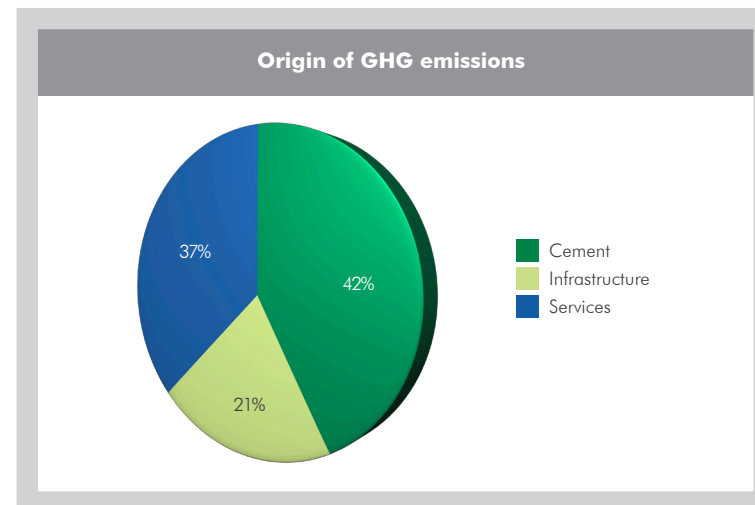
During the year 2011, the decline in activity in the cement business and the use of alternative fuels in the kilns, has led to a decrease in total emissions of 1.2 million tCO₂, 17% less than the previous year reaching 5,946,362, tons of CO₂.

The GHG emissions produced in the process of manufacturing cement have two origins. Firstly, 60% of the amount emitted originates from the process of decarbonisation caused from converting the limestone (CaCO₃), which is used as the main material, into calcium oxide (CaO) and carbon dioxide (CO₂).

Secondly, the 40% remaining is produced in the combustion required to reach the high temperatures of the kilns in order to cause the chemical reaction which enables the formation of clinker (the main component of the cement). These emissions are therefore directly proportionate to fuel consumption and to the relationship between carbon content and the calorific value of fuel.

Cementos Portland Valderrivas has come up with a strategy for mitigating GHG emissions. Said strategy is in line with the corporate strategy for the fight against climate change undertaken by FCC Group and is based on the following:

1. Promote the substitution of natural raw materials for materials that are either fully or partly decarbonised (ash, slag, construction and demolition waste, etc.) in order to reduce CO₂ emissions in the firing of clinker.
2. Encourage the replacement of fossil fuels with alternative 100% biomass fuels (meat meal, wood waste, sewage sludge, etc.), or a partial biomass content that varies according to the type of waste (residual fraction of municipal solid waste, used tires, cellulose wastes, etc.) or other alternative fuels, with an emissions' factor which is less than traditional fuels. In this sense a target is set for increasing energy recovery by replacing fossil fuels with alternative fuels, reaching 30% by 2013.
3. Improving energy efficiency, optimising the clinker manufacturing installations in order to reduce specific consumption per tonne.
4. Increase the volume of additives in the manufacturing of cement, in such a way that the clinker factor is reduced per tonne of cement manufactured.



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5. Participate in geological CO₂ capture and storage projects in order to analyse its viability within the cement sector.

The combined application of the first three possibilities for reducing emissions in the different factories of the Group must lead to greater adherence to the benchmark for CO₂ emissions per tonne of clinker (766 Kg CO₂/t ck) for the year 2013, as established in the corporate strategy for reducing emissions.

The company also maintains a very active attitude in taking measures to adapt to climate change in the research and development of new products with specific benefits that offer solutions to specific situations. Some examples might be the high-resistance cement and the quick-drying cement, used in areas that are exposed to extreme climatic events or in situations of natural disasters. This will allow the company to access new niches in the market.

DEVELOPMENT OF NEW CEMENTS TO COMBAT CLIMATE CHANGE

The Cementos Portland Valderrivas Group, acting as a pioneer in the Spanish cement sector, develops its RDI strategy, focusing on the optimisation of its processes and the development of new products with better and more specific benefits, in order to achieve a saving of natural resources used and a reduction in CO₂ emissions, while at the same time we contribute to the improvement of constructions, the provision of new solutions and services and an increase in the quality of life of our environment.

The research and development methodology of products based on the UNE 166002 standard, stipulates the different RDI activities, from technological surveillance and the generation of ideas to the protection and use of the results. Within the strategic lines of the Group, the environmental policies being employed to date are the following:

- ▶ The manufacture of new glass materials with a highly efficient production process and lower CO₂ emissions.
- ▶ The use of industrial by-products to replace the traditional raw materials of clinker for the manufacturing of new cement materials.
- ▶ Manufacturing processes with high energy efficiency.
- ▶ Carbon sequestration studies, physical and biological.

In addition to the lines of previous research, Cementos Portland Valderrivas works on reducing other impacts on the environment caused from its activity, such as pollutant or noise emissions, for which it has launched two research projects.

2.3.2. Services

The main GHG emissions of the services division are in the treatment and disposal of waste and in the use of fuel in transportation vehicles used in urban services. In the case of the urban waste landfills, the anaerobic reactions which occur during the decomposition of waste lead to methane emissions, a gas with a much higher greenhouse gas effect than CO₂. In 2011, the greenhouse gas emissions (methane and CO₂) in landfills amounted to 4,338,983 tCO₂ eq, 36% of emissions of the Group, a figure that shows the importance of this source of emission.

FCC Group has lines of investigation that are focused on reducing GHG emissions from these two important sources mentioned above. Firstly by replacing fuels for the generation of heat and the use of renewable energy and the progressive replacement of the lorry fleet for others that use clean energy. Secondly, by making use of the gases produced in landfill sites.

In this sense it can be highlighted that Waste Recycling Group (WRG), a subsidiary group in the United Kingdom, has a Carbon Policy, which formalises the position of the company to reduce emissions. In addition, WRG and FOCSA in the United Kingdom have obtained the certification in accordance with the Carbon Trust standard. This certification can only be obtained by demonstrating reductions in emissions and a commitment to on-going improvement on a yearly basis. These subsidiaries are designing an awareness campaign for 2012, aiming at continuing along these lines.

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ENVIRONMENTALLY FRIENDLY VEHICLES

FCC Group is actively committed to protecting the environment. One of the means by which the company exercises a greater impact on the environment and with which it makes more intensive use of resources, in this case fossil fuels, is with its fleet of vehicles. For this reason FCC Group has been working for years to improve the efficiency of its fleet of vehicles by incorporating the latest technology and by using vehicles that consume alternative fuels that are less pollutant than traditional fossil fuels.

Each line of business in FCC Group has its own fleet management system, and each one of them implement initiatives that adapt better to their business model. Additionally the type of vehicle used differs according to the activity undertaken by each area; therefore there are specific initiatives uniquely suitable for certain vehicles.

In general, some of the initiatives of FCC Group to improve the management of its fleet of vehicles and minimising the environmental impact from the use of same, are as follows:

- ▶ Use of particulate filters on diesel vehicles.
- ▶ Adaptation of vehicles to more demanding European and International environmental standards.
- ▶ Use of hybrid vehicles.
- ▶ Use of vehicles running on cleaner fuels (natural gas).
- ▶ Preventive maintenance. Conducting periodic reviews in order to identify any faults that result in inefficiencies.
- ▶ Use of long-life oils.
- ▶ Training vehicle drivers to drive more efficiently.

Proactiva Medio Ambiente has an Eco-efficiency Programme that includes lines of action for the reduction of energy consumption and improved efficiency. Cemusa, the urban street furniture subsidiary of FCC Group, designs new street furniture in accordance with eco-efficient criteria, in order to provide the new furniture with more efficient lighting and in order to integrate renewable energies into the designs, as well as carrying out awareness campaigns among its employees in order to make efficient use of the energy at their workplaces as well as among drivers of its vehicles.

Moreover, the FCC Group is carrying out various initiatives regarding the provision of services which use less energy consumption and emit fewer emissions. During 2011 an effort was made to define the organisational parameter of the services of the FCC Environmental Division in order to calculate its carbon footprint.

As the next step in the ce2d methodology that allows the Group to identify, quantify and establish the traceability of the specific indicators of environmental performance of our activities, during 2011, the Environmental division produced the document entitled "Guide to the quantification of GHG

emissions for the purpose of calculating the carbon footprint of the organisation".

On the foundation established by the GHG Protocol the organisational limit has been determined with operational control from which the carbon footprint is calculated for the year 2011. The calculation process, as well as the guide, shall be subject to a pre-evaluation process (as a prior step to verification) by an external certifying body.

According to the conclusions of the pre-verification report, the year 2011 will be chosen as the year as from which the organisation will be given a period to study the possibilities of setting out a strategy with improvement objectives to reduce its GHG emissions and energy consumption, all of which will be in line with market opportunities and needs that better enhance eco-efficient development.

During 2012 the carbon footprint calculation process shall be set out for services, its objective being to make an evaluation tool available for the purpose of energy management. This will also reflect the traceability of the continual improvement policy applied regarding efficient energy and the reduction of GHG.

2.3.3. Construction

The energy consumption of FCC Construcción is mainly due to the use of fuel that is necessary for the operation of its building site machinery, the equipment necessary to generate electricity, working vehicles, auxiliary plants for manufacturing on-site, boilers, etc. Additionally noticeable electrical energy consumption is produced for interior and exterior lighting, auxiliary plants, tunnel boring machines, etc. These consumptions are centred on initiatives implemented by this division, which can be grouped into three blocks: redesign of processes; replacement, modification or refurbishment of equipment; and changes in the behaviour of workers. FCC Construcción calculates the energy intensity of new construction projects, which in 2011

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amounted to 30,750 tCO₂eq per million Euros, of turnover.

Some of the initiatives carried out at FCC Construcciones' building works to optimise the fuel and electrical energy costs in 2011 were:

- ▶ Redesign of processes, such as the optimisation of transport distances, promoting the consumption of local resources that are closer to building sites, promoting the use of less polluting fuels, improve night lighting and the control of energy consumption.
- ▶ Replacement, modification or refurbishment of equipment, with the suitable maintenance of machinery and building site vehicles and fine-tuning the intensities and types of lighting installed.
- ▶ Awareness campaigns for workers, reducing speed limits at the sites and making both Group and subcontracted workers aware of the measures, which have been applied at 90% of the current works in progress.

Once these measures were implemented, the emissions reduced were calculated and the following results have been obtained: a reduction of 96.12 tonnes of CO₂ by reusing the soil at the same sites instead of transporting it to the landfill; a 5% emissions reduction due to the correct maintenance of machinery and an additional 5% from controlling the speed of the vehicles at the sites.

2.3.4. Clean Development Mechanisms: additional tools for the reduction of emissions

The Clean Development Mechanisms (CDM) form part of the flexible procedures established by the Kyoto Protocol to help developed countries to fulfil their commitments to reduce GHG emissions. FCC Group's strategy to reduce emissions also includes the development of these types of projects. Additionally, the projects create social and environmental benefits for the countries that take on the initiatives. FCC Group's CDM is developed in Iberoamerica through its Proactiva Medio Ambiente Division.

In 2011, Proactiva had eight CDM projects

- ▶ 4 CDM projects registered with the United Nations Framework Convention on Climate Change: in Mexico (the Mérida Project); in Argentina (the Fachinal Project), in Brazil (The Tijuquinhas project); and another project in Colombia (the Doña Juana Project).
- ▶ 3 projects have the national letter of approval and are in the CDM validation phase: Querétaro (Mexico), Tlalnepantla (Mexico) and Presidente (Colombia).



- ▶ 1 project in the design phase at the Sanitary Landfill at La Yesca (Chile).

The estimates for emissions' reductions for these eight projects can be estimated at 1,100,000 tCO₂eq per year. In this same year, Proactiva Brazil obtained certification for its carbon credits by the United Nations Framework Convention on Climate Change (UNFCCC). At present this project generates between 17,000 and 18,000 CERs per month. Moreover, energy efficiency equipment has been installed in the CDM Project of Querétaro (Mexico), which will allow reduced emissions to be reported by 2012.

For its part, Cementos Portland Valderrivas collaborates indirectly with the development of the flexible mechanisms of the Kyoto Protocol by means of its participation in the Spanish Carbon Fund (Fondo Español del Carbono). It obtained 77,913 emission rights in 2011.

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2.4. Renewable Energies: another way of mitigating climate change

2.4.1. Generation

The company is strongly committed to producing emissions-free energy, which is inexhaustible and independent of fossil fuels. FCC Group has recently set up a line of business, FCC Energía, which bases its activity on renewable energy, energy efficiency, cogeneration and energy valorisation of waste.

This division has solar farms, wind farms and solar thermal power plants with which it produces an important amount of electrical energy. It has a presence in six Autonomous Communities, and has fourteen wind farms and two photovoltaic plants in operation, as well as two solar thermal power plants under construction.

The two photovoltaic plants of FCC Energía have an installed capacity of 20 MW, and the energy production in 2011 was 33,740 MWh. The installed power in wind farms is 421.8 MW, and the energy production in 2011 reached 740,929 MWh.

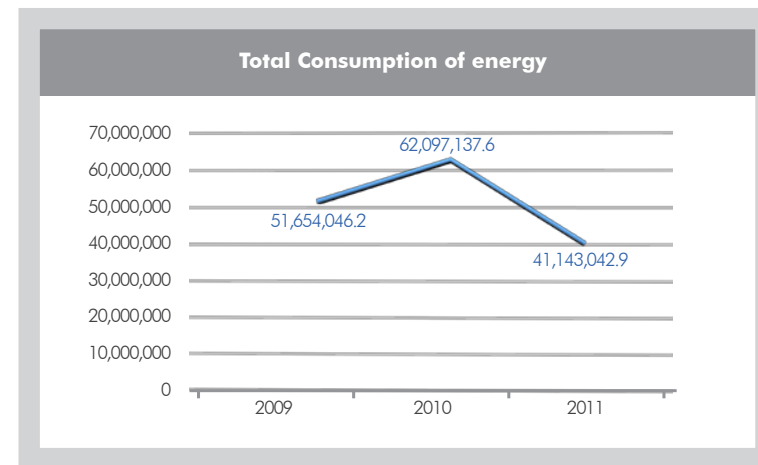
Thanks to the energy produced at the renewables centres of FCC Energía, atmospheric emissions were reduced by 211 thousand tCO₂.

2.4.2. Consumption of renewable energies and alternative fuels

In 2011, the rate of renewable energies consumed directly out of the total direct energy consumption, which amounted to 34,798,033 GJ, was 7%.

The Cement Division, the most energy-intensive consumer in the Group, has focused its activities in 2011 on promoting the use of alternative fuels from waste destined for landfill, especially biomass.

For Cementos Portland Valderrivas, energy recovery from waste is a priority option rather than depositing waste at landfills or elimination, as it is more environmentally-friendly and in addition,

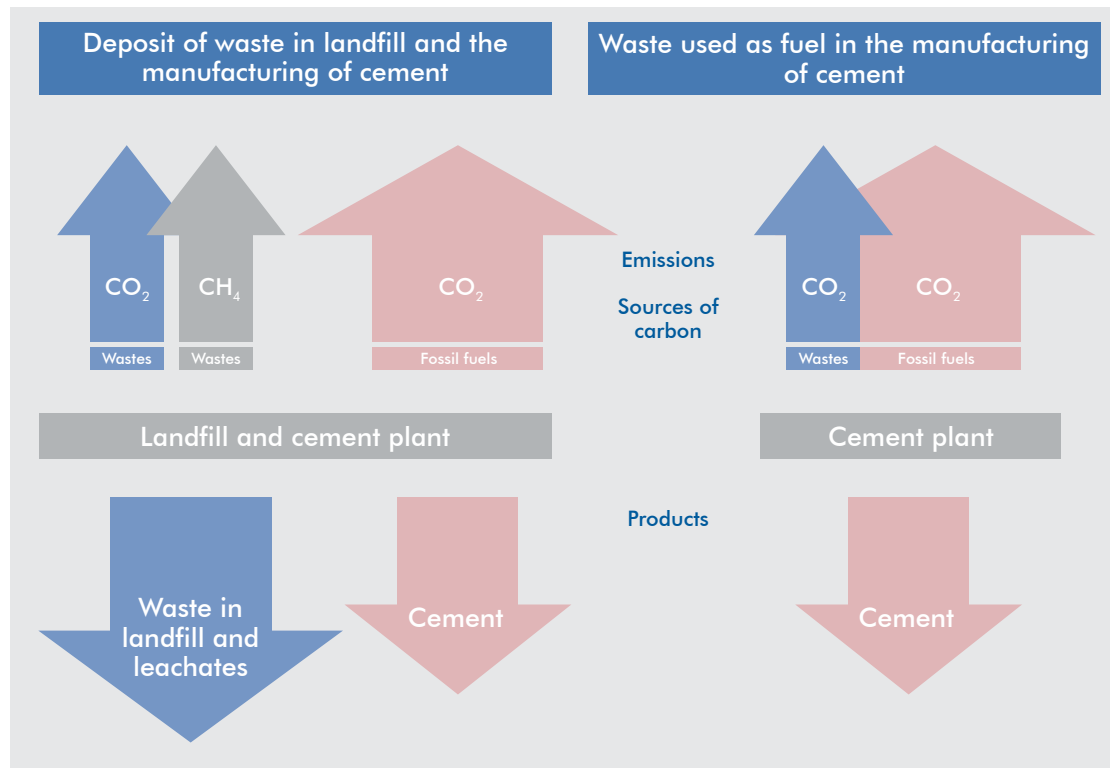


it does not endanger human health. In this respect, in 2011 energy recovery started at the El Alto and Monjos plants and energy replacement has increased at the four Spanish plants where recovery was already being performed. All this has meant that in 2011 the energy replacement rate at Cementos Portland Valderrivas Spain has doubled when compared to the previous year.

In addition, the Cementos Portland Valderrivas Group has two industrial waste treatment plants in the United States, where alternative fuels are made from liquid and solid wastes of fuel, solvents, coolants and crushed solid waste.

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WASTE RECOVERY DIAGRAM FOR THE MANUFACTURING OF CEMENT



During 2011, by replacing fossil fuels with biomass, FCC avoided the emission of 134,291 t CO₂e in Spain.

3. ENVIRONMENTAL MANAGEMENT OF FCC GROUP'S ACTIVITIES

3.1. Eco-efficiency

Year after year eco-efficiency provides clear results for the company. Positive environmental effects are achieved by reducing the use of resources and the cost-effectiveness of projects is improved significantly.

A basic instrument for generating eco-efficiency in production processes is the solid environmental management system that the Group has. In 2011, the company continued to promote the environmental certification of its activities and facilities, exceeding 79% of its total certified activity.



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Despite this continuous improvement effort, in 2011 there were financial penalties for breach of various environmental regulations, which amounted to a total of 420,068 Euros.

The reliability of performance indicators is a vital requirement for establishing and developing effective improvement plans. To this end, FCC Group has "Horizonte", a centralized management system that enables the collection and management of the entire Group's sustainability information. This information serves as a starting point for the design of specific corrective action plans where opportunities for improvement are greater and more effective.

3.1.1. Promoting sustainable use of materials

The company actively promotes the environmental optimization of production processes, recycling and recovery as a means of reducing the environmental impact.

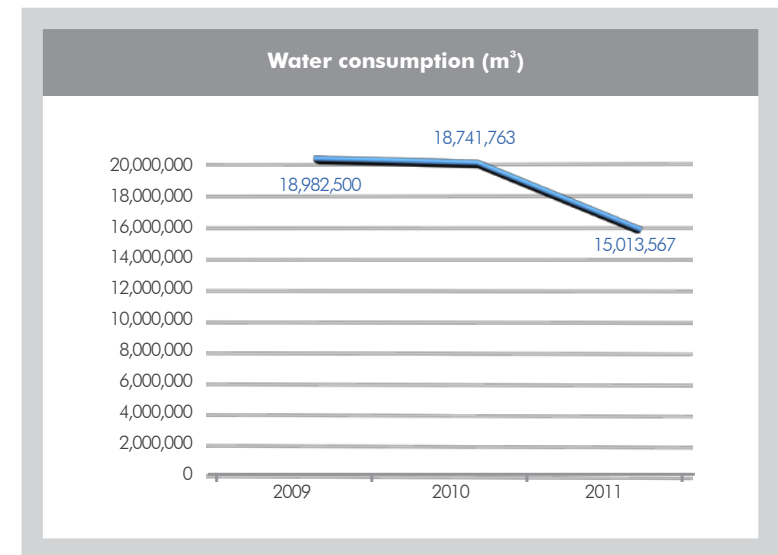
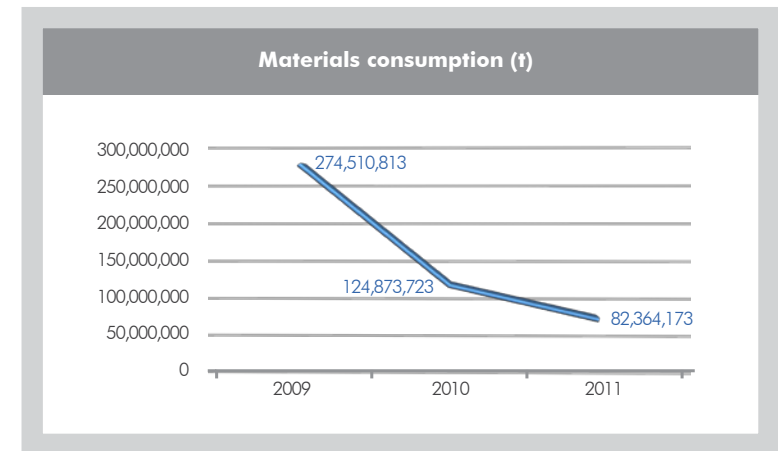
Each line of business has its own initiatives to reduce the consumption of materials. FCC Construcción promotes the use of scrap material for alternative uses, carrying out proper segregation and selective separation.

Meanwhile, Cementos Portland Valderrivas encourages the use of alternative raw materials to replace natural raw materials and to reduce the consumption of resources while helping to reduce CO₂ emissions when these materials are partially decarbonised. In 2011 the consumption of alternative raw materials for clinker and cement with regard to the total raw material required for the production process amounted to 7.3% in the US and 7.2% in Spain. This is an upward trend with regard to the previous year for both Spain and the US and is mainly due to the increase in the consumption of fly ash in the case of Spain and plaster and concrete remains in the US. In spite of the efforts, in 2011 FCC Group consumed 82.4 tonnes. This figure cannot be compared to previous years due to the variation of the scope of consolidation of information in 2011.

3.1.2. Water, the most precious resource

3.1.2.1. Water consumption

Water is necessary for all activities undertaken by the Group. From the manufacturing of cements, concrete, steam generation from waste in power generation plants, decontamination of industrial waste and street cleaning and garden maintenance activities. The table shows FCC's water



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consumption according to each business division and the graph shows the origin of the water consumed. As far as it is possible, and as long as the characteristics of the activity so allow, FCC Group uses non-drinking water.

In 2011, FCC Group's water consumption amounted to 15,013,357 cubic meters, of which 35% is from municipal supplies. This level of consumption represents a 19% reduction with regard to consumption in 2010, although the 2011 amount excludes Proactive's data in the total calculation of services.

In general, the overall awareness of the responsible use of water is an efficient initiative undertaken by the Group's activities as a whole. In the case of FCC Construcción, this also extends to the awareness of subcontractors, and measures are undertaken to reduce its consumption, such as the provision of automatic cost-effective systems and the reuse of effluents in process waste water.

FCC also has a subsidiary, aqualía, specialising in comprehensive water management which will be discussed in a later section of this chapter.

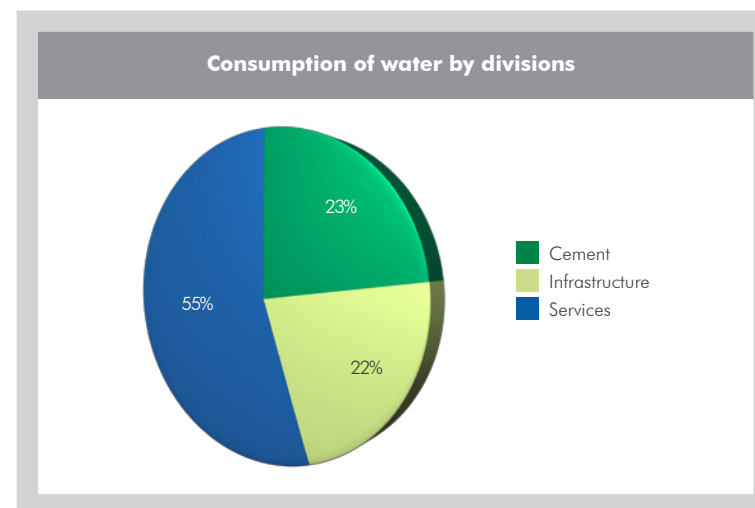
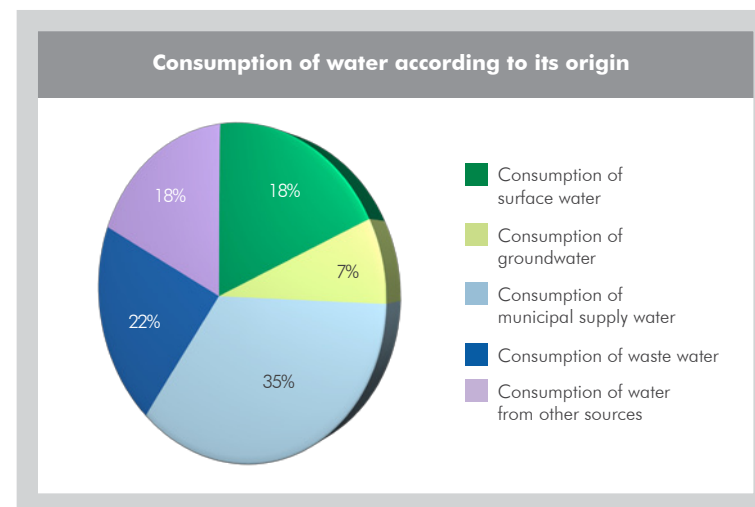
Water consumption in the Cement Division

The Group has established, as a future challenge, the improvement in water use in the manufacturing of cement. Consumption in 2011 amounted to 3,416,215 cubic metres, of which 22% came from groundwater, 14% from municipal water, and the rest from other sources. This consumption represents a reduction of almost 4% with respect to the previous year.

The reduction in water consumption is achieved by placing recycling systems in the concrete division, as well as by installing of water recycling systems for cleaning vehicles in factories and quarries and the renovation of distribution and water collection networks.

Water consumption in waste management activities

In the activities of urban waste management the need for water consumption is high, although the percentage of recycled water used is growing. In the case of landfills, water is used to reduce the impact of dust, for sweeping and for washing down wheels. Water intake is attempted from nearby lagoons or other sources rather than using the water network which is used only during the summer due to lack of water in the environment.



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In Spain the trend to use alternative sources of water (wells, rainwater and regenerated water) instead of water from the network is increasing. Specifically the use of regenerated water represents the most significant proportion with 61.2% in the activity of watering parks and gardens. In treatment and waste elimination plants 95.6% of the water from alternative sources comes from rainwater and wells. In 2011, the consumption of water in this line of business in Spain amounted to 5,876,230.02, 13% less than the same figure for 2010 (5,081,214.8 cubic metres).

Water consumption in FCC Medio Ambiente

Water consumption in 2011 stayed at practically the same level as in 2010 despite the increase seen in the areas being watered in parks and gardens (an increase of 11,56%), where one would have expected to see a significant increase in the water consumption had it not been for the fact that almost all the additional area has automatic watering systems.

The consumption of water from municipal supply networks (51% of water consumed is from this source) has fallen by almost 2% compared to 2010, with a significant drop of 12% achieved in central offices and workshops as a consequence of saving measures and awareness campaigns implemented within the framework of the "ecological office" initiative.

The consumption of water from alternative sources, that amounts to almost 20% of the water consumed, (groundwater, stream water, storm water, reclaimed water and treated recycled water) increased by 1% covering up to 48% of the water requirements of FCC Medio Ambiente España. In addition, the consumption of water from wastewaters has remained constant compared to the previous year, which represents 28% of total water consumed.

Water consumption in other services

Several of the activities of FCC Versia are carrying out different measures to reduce the consumption of water, among which can be highlighted the use of recycled water in some cleaning processes, the implementation of flow reduction devices in green centres, the selection of vegetation that needs less water in green areas and pilot installations for the collection of rain water in industrial buildings.

Water consumption in Construction

One of the inherent features of the construction sector is the high consumption of raw materials, among which is water. The consumption is intrinsic to the activity itself, most significantly in civil works.

In 2011 consumption amounted to 3,299,384 cubic metres, which compared to the previous year's 6,035,294 cubic metres, represents a drop of almost 45% in absolute terms, due mainly to a reduction in activity.

This consumption, which is necessary, is addressed in a responsible manner. Therefore, at FCC Construcción works the concepts "saving", "better use", "reuse" are taken into account, and only the water that is strictly necessary is consumed. For the relative reduction of water consumption per unit, the building sites reuse the process residual waters as much as possible for the next activity, after the corresponding suitability study is performed, also to wash the lorries, the cooling of the tunnel boring head, etc.

3.1.2.2. Water management

Aqualia, a subsidiary of FCC Group, specialises in integrated water cycle management. Its experience in this area helps improve efficiency in the management of water resources in the other Group companies and controls all the phases in the water cycle, right down to the finest detail, pursuing the optimization of resources that promote Sustainable Development.

The integrated water cycle starts from the capturing, purification and treatment of the water collected from the natural environment, to its distribution and collection of used water for its subsequent purification and return to the environment where it was obtained from under optimum conditions that do not harm the environment. Aqualia offers all the solutions possible for the management of the integrated water cycle whatever its use may be: domestic, agricultural and industrial, serving a population of over 27,000,000 people worldwide. Its areas of activity are divided into three different lines:

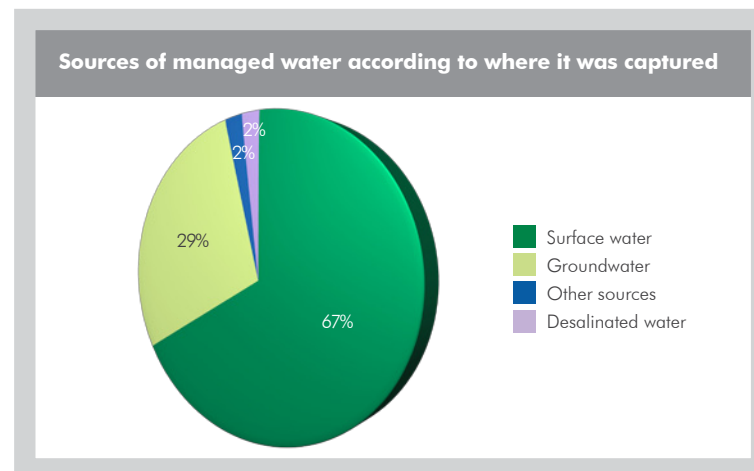
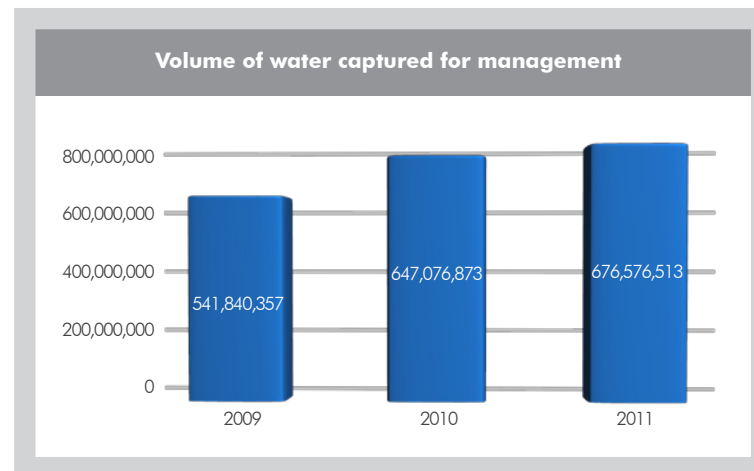
- ▶ **Integrated water management**, among the most outstanding projects are the public water services, the control of the water

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quality via aqualia Lab; the management of municipal aquatic sports centres, maintenance and operation of watering infrastructures, and management of hydraulic infrastructure concessions.

- ▶ **Design and construction of hydraulic infrastructures**, specialising in the design and construction of drinking water treatment, urban waste water treatment, reuse and desalination facilities.
- ▶ **Comprehensive services for the industry**, as solutions for process water, purifying industrial wastewater effluents, or compact waste water treatment plants for small populations, compact drinking water treatment and reuse equipment: sand filters and membranes, sludge treatment equipment, equipment for wastewater treatment: aeration, degreasing, flotation.

The total volume of captured water for management in Spain, Eastern Europe and Africa in 2011 was 676,576,513 cubic metres.



▶▶ For more information on the activities and management of this company, visit the company website at: www.aqualia.es.

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AQUALIA, GUARANTEES THE SUSTAINABILITY OF WATER RESOURCES

One of the daily activities undertaken by aqualia is the detection and repair of leaks. aqualia understands that the preservation of the most precious resource should be among the highest priorities of this company which offers all the solutions for the needs of private companies, entities and local and public bodies, in all phases of the integrated water cycle and for all uses: either for human consumption or for use in agriculture or industry.

Depending on the characteristics of the piping, their review is carried out either weekly or daily. The preventative campaigns that the company carries out in order to detect the sounds produced by the leaks, together with the periodic evaluation of the valves and intelligent devices that control the pressure and adjust to the needs of the user, allow greater control of leaks with the consequential reduction of water losses in the network.

With regard to the maintenance and operation of infrastructures for watering, aqualia applies the latest technological innovations to optimise the use of the resources in the area and thus facilitates the efficient use of the water. This focus on innovative solutions and sustainable development within the context of modernising the irrigation process, had led to the generation of SISGRE, an integrated management system that provides optimal control of all the assets in each Irrigation Community.

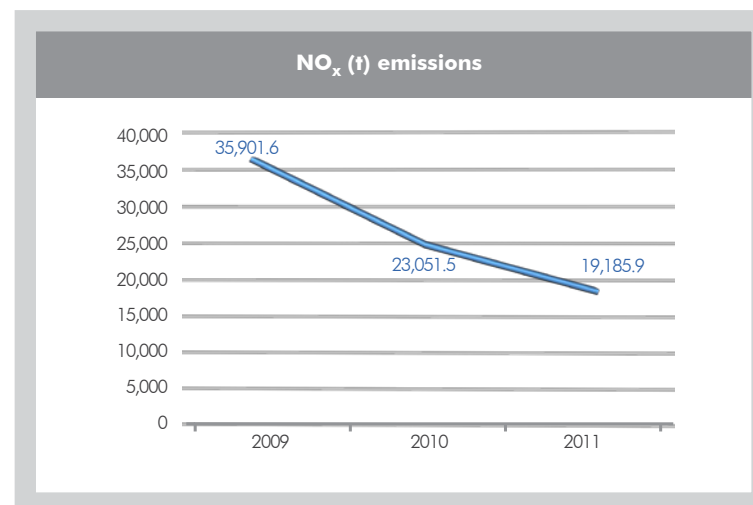
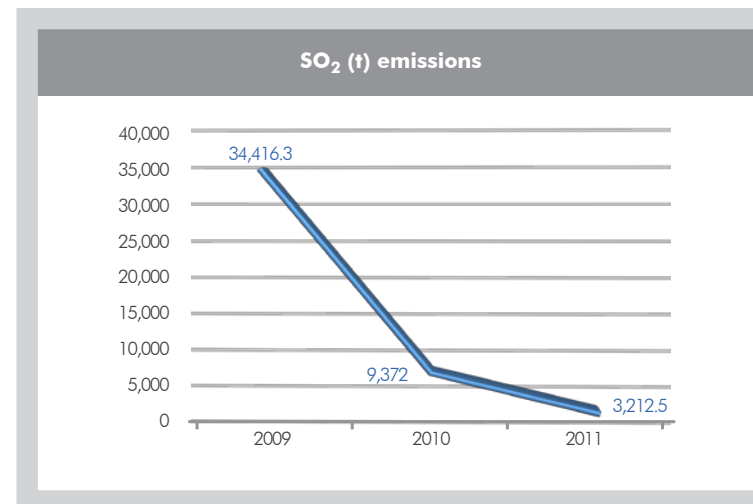
SISGRE makes it possible to consult intelligent mapping (aerial photos and satellite images) as well as providing access to simulations, historical analysis, thematic maps and the display of infrastructures, among other applications. The ultimate goal is to improve the performance of a given area in the region and make efficient water use possible.

3.1.3. Atmospheric emissions

The Group's main emissions, in addition to carbon dioxide emissions (CO₂), are nitrogen oxides (NO_x), sulphur dioxide (SO₂), CFC and solid particles. NO_x emissions are produced primarily in the Cement Division; SO₂ emissions are mainly produced in the Services Division, and the particles in the Infrastructure Division.

The company has initiatives to reduce emissions associated with combustion, which directly lead to the reduction in particle emissions, NO_x and SO₂. Additionally, each business area has its own initiatives to reduce these emissions.

This way, the Cement Division works actively to reduce its NO_x emissions by means of injected ammoniated water. For its part, the Construction Division prevents its emissions by means of an exhaustive control of its machinery and the use of the best technology available.



▶▶ The figure is different to that published in 2010 due to an error detected after the Corporate Social Responsibility report was finalised.

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All facilities with sources of atmospheric emissions that have Integrated Environmental Authorisations have established emissions' limitations. In general, they all have gas scrubbers or sleeve filters, depending on the characteristics of the process generating the emissions.

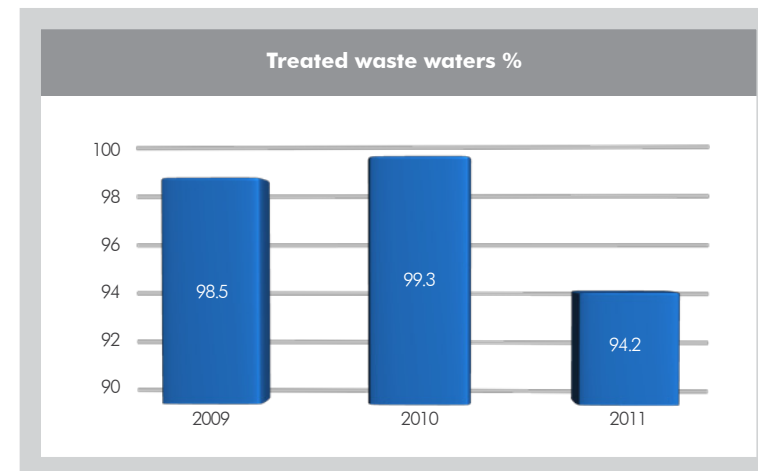
Moreover, FCC Group facilities emitted 33,637 tonnes of substances into the atmosphere that are harmful to the ozone layer, and a total of 2,956,737.2 tonnes of particles.

3.1.4. Control of discharges and the prevention of spillages

The majority of waste water discharges are treated beforehand at treatment plants. FCC Group also manages and treats other waste discharges that do not come from its own activity; these are controlled in accordance with parameters that follow the requirements authorised by the river basin authorities or other agencies.

FCC Group companies carry out numerous initiatives for the purpose of preventing, reducing and controlling possible spillages of chemical products, oils and fuels, or any other potentially harmful substances.

The environmental management systems of the Group include numerous preventative measures. However, during 2011 FCC Group, in its Construction Division, recorded 84 accidental discharges, mainly of hydrocarbons, oils and cleaning water from gutters and tanks. The amount of spillages was reduced. For its part, in Cementos Portland Valderrivas and in the Waste Recycling Group only one and two accidents were recorded respectively. This information allows us to appreciate the robustness and capillarity of environmental management systems and allows data to be collected on the company to this regard. In all cases the necessary corrective measures were taken to minimize the impact on the environment. The total volume of the Groups discharges amounted to approximate 4,7 million m³.



3.1.5. Working towards optimum waste management

3.1.5.1. Generation of wastes

FCC Group, once waste has been generated, seeks to find the best option for its management, preferring to reuse, recycle or recover waste rather than disposing of it in landfill sites. In 2011, 23.77% of waste managed was sent for composting, recycling or recovery. The amount of waste produced in 2011 amounted to 4,830,697 tonnes, of which only 6% was hazardous.

Each line of business has its own waste management plans, with the common approach being to minimize its generation. Proper segregation of waste at source greatly facilitates subsequent recovery or disposal, which is the first essential step to achieving more efficient waste management.

►► The variation in the percentage of wastewaters treated with regard to previous years is due to a change in the data collection criterion

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Waste generation in the Cement Division

One of the most relevant points in the Environmental Policy of Cementos Portland Valderrivas is the reduction in the generation of waste and improvement in waste management as far as its elimination is concerned. To do so, at each workplace selective collection of wastes generated is carried out according to the legislation in force. In any event, the criteria of minimising the production of waste prevails and the best option is sought whenever possible: recycling, reuse and/or recovery as opposed to elimination or deposit in the landfill

The amount of waste generated by cement activity in Spain amounted to 25,278 tonnes in 2011, of which 3.3% was hazardous waste. With regard to the treatment of wastes generated, 30% of hazardous waste and 70.2% of non-hazardous wastes managed externally went to recycling or recovery operations.

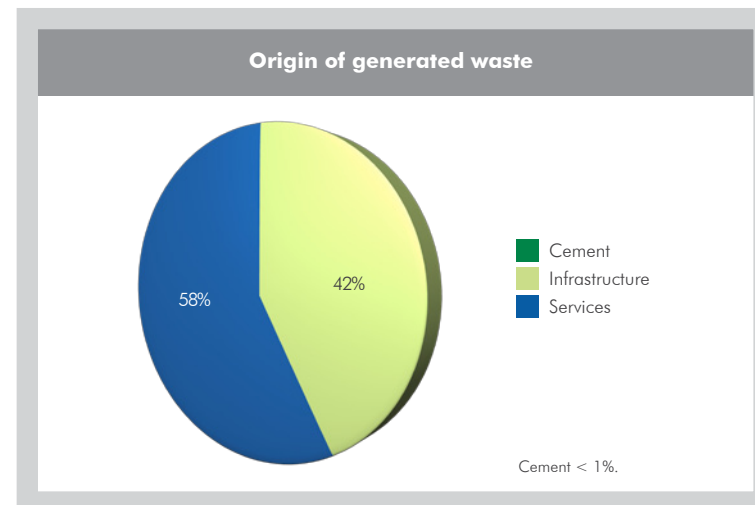
Waste generation in the Services Division

The total amount of waste generated in services activities, amounted to 2,798,737 tonnes in 2011, which represents more than 96% of waste generated by the FCC Group in said year. Of this amount, 476,665 million tonnes (17% of the Services figure) was produced by aqualia as a consequence of the increase in the waste water treatment capacity due to the management of new treatment facilities in 2011.

The integrated water cycle management inevitably involves the production of waste, from the construction of facilities to the treatment of waste water. aqualia is constantly innovating in order to find ways and means to reduce this waste to a minimum. In this sense its activity in RDI supports this line of work by implementing new technologies that enable:

- ▶ The reuse and recover of sludge produced in wastewater treatment processes of the WWTP. The sludge, after passing through a drying and composting process, can be reused for agricultural purposes.
- ▶ The generation of biogas from organic waste water digested by bacteria in the digester. This allows it to be used as a fuel for boilers that feed the digester as well as for electrical energy.

Waste generation in the Construction Division



All the building sites of FCC Construcción adopt the necessary measures to reduce the generation of waste and to guarantee its classification at the site itself and its subsequent selective removal. For all waste generated, and especially in the case of hazardous waste, health and safety conditions are met with regard to storage prior to delivery, thus avoiding contamination of the area due to any discharges or leaks that may occur. The inert waste generated at the site itself and at other nearby works can be treated and utilized, thus reducing consumption of natural resources and the saturation of landfills. In 2011, the total waste generated amounted to 2,007,512 tonnes, of which only 0.03% was hazardous waste.

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3.1.5.2. Waste management

FCC Group has a line of action which specialises in the comprehensive waste management of all types: industrial, municipal, hazardous, non-hazardous, recyclable, banal, and others. To this respect, FCC Group has specific companies involved in waste management such as FCC Medio Ambiente, WRG, ASA, FCC Ámbito y Proactiva Medio Ambiente (50% owned). Its geographic scope includes areas such as Central Europe, UK, U.S., Latin America, Portugal and Spain.

Throughout 2011, FCC Group has collected more than 24 million tonnes of different types of waste, the majority being from raw waste coming from urban collections.

Waste collected, Selective waste collection, Raw waste, Non-hazardous industrial waste, Hazardous industrial waste

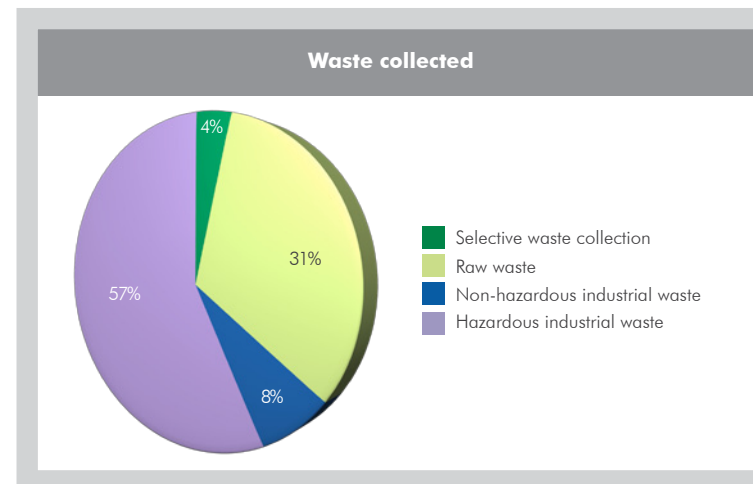
With regard to waste treatment, FCC Group has facilities for the treatment of all types of waste. In 2011, more than 500,000 tonnes of hazardous waste and more than 15 million tonnes of non-hazardous waste were received at its waste management facilities. In this sense, the company carries out recovery processes, elimination in controlled landfill, deposits in slag tips and stabilization. Regarding hazardous waste, 70% of waste is managed by being transferred to an end manager. Meanwhile, 75% of non-hazardous waste is disposed of in landfill sites, and almost 18% of this is recovered using heat, chemical or biological treatment or in construction and demolition plants.

ECOLOGICAL ALTERNATIVE FUEL DERIVED FROM WASTE IN CASTELLBISBAL (BARCELONA)

FCC Ámbito takes the next step in solving the environmental problem of waste generation by implementing the Group's first plant for the production of an ecological alternative fuel, derived from non-hazardous waste of industrial origin (WDF). This fuel is suitable for cement plants or the like, given its high calorific value, low percentage of chlorine content and moisture and easy handling.

This modern WDF plant, located in Castellbisbal (Barcelona), has a treatment capacity of 45,000 tonnes / year, with an estimated production of 30,000 tonnes / year of WDF fuel, it is at the forefront of such facilities in Spain.

The waste used for manufacturing of WDF comes from material recovery facilities in which all recoverable fractions have been



removed beforehand (paper, cardboard, plastics, metals, etc.). After the recovery of materials, the fraction suitable for energy recovery as a WDF is selected and more than 60% of the waste destined for landfill is reduced.

The use of WDF enables the replacement of conventional fuels, such as the petroleum coke type that is currently used in cement, at a rate of around 30-40%.

With the outstanding cost savings generated by the use of this fuel compared to traditional fuel, there is room to add environmental benefits including: the significant decrease in the tonnage of CO₂ emitted by cement (one tonne of WDF can offset the emission of more than one tonne of CO₂) and the increased life span of the landfill due to the fact that only unusable waste is sent.

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3.2. Biodiversity protection

The company develops an assessment of the environmental aspects of its activity before embarking on its projects, which allows the evaluation of different alternatives, minimizing its impact on the environment and finally carrying out the activity in the most environmentally friendly way.

FCC Group's activities are associated with a certain environmental impact which is sometimes inevitable. The main effects on the environment take place in the Cement and Construction divisions. To mitigate the average effect on these divisions, the Group is developing comprehensive management approaches for the restoration of affected spaces and it is encouraging biodiversity. The estimated surface area of protected zones or areas of high value for biodiversity, contained within, or adjacent to, the activity of FCC's business areas is almost 170,000 hectares.

Cementos Portland Valderrivas engages in natural resource extraction in quarries and gravel pits. Some are in, or close to, protected areas or areas of high value for biodiversity. The main impact of these activities is the alteration to habitats and ecosystems due to the use of the space and the extraction by blasting or ripping, shredding and transportation. In order to attenuate this, the company is implementing restoration plans that allow these areas to be rehabilitated or restored, as far as possible, to the original state of the exploited areas. This practice is carried out both in the limestone quarries, from which material is removed to produce cement, and in the aggregate quarries and gravel pits of the Group. In this regard, in the development of their projects, FCC Group carries out actions to protect and improve the natural environment of these spaces, in addition to promoting the conservation of ecosystems and their biodiversity.

The total area affected by the quarries and gravel pits exploited by Cementos Portland in Spain, from the start of its activity until 2011, is 18,395,947 m². Of this surface area, 8,049,655 m² is completely restored (taken as its final phase of restoration) and 10,346,291 m² is either already restored or will be restored in the future. FCC Construcción carried out the decontamination of soil, on a surface of 326 m². Moreover, Waste Recycling Group has facilities covering an area of over 1,200,000 m² near protected natural areas or places of high biodiversity.

FCC Construcción has an internal guide called "Basic Guide for actions in protected natural areas," which provides guidance for implementing good practices related to minimizing the effect on the biodiversity diversity, in order to protect animal and plant species that could be affected. In this regard, 75% of FCC Construcción's building works protect the specimens that are affected by the construction

itself or by the construction machinery and vehicles traffic, this percentage increases to 82% in the case of civil works.

This allows FCC Construcción to define indicators and to monitor the degree of compliance of each of them within the ten groups identified as having environmental impacts. Please contact us if more information is required.

▶▶▶ For more information and further details on the quantitative data on these activities please visit the FCC Construcción website: <http://www.fccco.es/>

CSR

THE RECOVERY OF FCC'S ENVIRONMENTAL RESOURCES

FCC Ámbito has been decontaminating soil for over 20 years, and is currently a leader in the industry. Since the very beginning the company has focused on the recovery and reuse of two key resources, soil and water (mainly groundwater), when they are contaminated as a result of industrial activity.

2011 saw the launch of two major projects: the project for the elimination of chemical pollution of the Flix reservoir (Tarragona) and the removal of contaminated sludge from the Wastewater Treatment Plant of Consorcio I.A.S in Sicily (Italy).

The decontamination of the Flix reservoir is carried out by means of a joint venture with FCC Construcción and is aimed at the extraction and processing of over 900,000 m³ of waste and contaminated sediments (PCB, DDT, chlorinated solvents, metals), generated by the chemical industry in the area.

The project involves the environmental dredging of 960,000m³ of sediment, its delivery to a grain separation plant, its subsequent dehydration treatment by thermal desorption of approximately 90,000 tonnes of chemical oxidation and/or the stabilization of 75,000 tonnes, and the subsequent storage in a Secure Warehouse of all extracted and treated material.



Furthermore, in 2011, over 30 initiatives involving the recovery of groundwater were carried out, most of them by treatment in situ using mobile plants. The total amount of in situ treatment of contaminated soil was more than 260,000m³, without prior excavation and the recovery of about 20,000m³ of groundwater. As a result of these works more than 31,000 Kg of pure contaminant was removed from the subsurface.

FCC Ámbito, through its subsidiary Ecodeal, participated in the recovery of around 80,000 tonnes of waste from the environmental liabilities initiative of former industrial areas of Portugal and, through its subsidiary FCC Environmental it has continued to treat waste, mainly contaminated water, which was generated as a result of the oil spill in the Gulf of Mexico.

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FCC Group seeks to maximize the positive impact of its activities in the communities where it operates, through the generation of the highest added social value.

To this end, the company involves citizens in implementing solutions for the development of sustainable cities. It therefore involves the development of elements of "active sustainability" in which citizens are the main source for improving sustainable and responsible habits and behaviour.

The strategy that guides FCC Group's social commitment and its businesses is also focused on encouraging employee participation in company projects, from the conviction that the involvement of FCC Group employees in its social commitment is essential to its success. Thus, people in the group are able to collaborate in creating a more sustainable, equitable and diverse city.

2011 HIGHLIGHTS

- ▶ Construction of a school in Haiti in collaboration with Fundación PLAN ESpaña.
- ▶ More than 3500 children took part in the environmental education project "The future of the earth lies in the classroom".
- ▶ Education cooperation agreements.
- ▶ Social emergency agreements with Caritas España and Fundación PLAN ESpaña.
- ▶ Agreement with Fundación PLAN ESpaña to develop the programme entitled "I don't have a vote but I have a voice".
- ▶ Selection of "FCC Volunteers, Carriers of Joy" as a finalist in the fifteenth edition of the CODESPA awards for its project with the Esther Koplowitz Foundation.
- ▶ Consolidation, in collaboration with the Esther Koplowitz Fundación, of the programme entitled "Fridays' Residence, Our House", which has

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involved over 80 well-known people from the social, business, scientific and academic worlds in Spain who have given up their time and provided their knowledge to elderly people in need.

- ▶ Inclusion of the FCC Group's Volunteer Programme, in collaboration with the Esther Koplowitz Foundation, in the catalogue of best practices in volunteering of the Sustainability Excellence Club.
- ▶ The launch of the volunteers' website.
- ▶ The launch of the new FCC company website and other digital channels.
- ▶ The conclusion of the fourth round of dialogue with interest groups involving Cementos Portland Valderrivas.
- ▶ Participation in industry associations and CSR forums

ACTION PROGRAMMES

2014 OBJECTIVES

- | | |
|---|---|
| <ul style="list-style-type: none"> ▶ Continuous learning - sustainable radar. ▶ Connecting with citizens - active sustainability. ▶ Corporate Volunteering ▶ Pursue the maximization of sustainable value - positive impact action. | <ul style="list-style-type: none"> ▶ Conduct consultation groups with prescribers in strategic markets ▶ Develop pilot projects both nationally and internationally, in order to promote sustainable habits ▶ Quantify the dedication of the FCC employees in local commitment programs. Strengthen corporate volunteering in collaboration with the Esther Koplowitz Foundation ▶ All public tenders have metrics regarding the impact of our services |
|---|---|

▶ 1. FCC GROUP'S SOCIAL COMMITMENT

Because the Group feel it is part of the communities where it operates, FCC Group undertakes a diverse range of social commitments, since each line of business has its own approach in this area, developing activities related to its business strategy, with the common aim of generating a positive impact of company activities.

At FCC Group we have designed our social commitment strategy in harmony with our corporate strategy

1.1. FCC Group and its social commitment

As it is present in thousands of urban communities, in over 50 countries, FCC Group develops strong social commitment in these communities. In 2011 the total investment earmarked for social projects, focused on education, helping people with special needs, conserving heritage and disseminating art and culture, amounted to 6.18 million euros.

As a Group it has signed collaboration agreements with well-known Third Sector entities such as Cáritas España and Fundación Plan España, in order to address situations of social urgency as a matter of priority as well as primary care projects that these non-profit making organisations undertake.

In 2011 the Cement Division of FCC contributed more than 1 million Euros to different social projects, to which its collaboration with Third Sector entities such as Intermon Oxfam can also be added.

For its part, the sustainable initiatives implemented by FCC Medio Ambiente to protect the environment and encourage the efficient use of resources, as well as other social contributions, represented an amount of around 2.7 million Euros.

At Proactiva, the Green Schools Project can be highlighted, developed in Buenos Aires, which encourages the schools in that city to adopt an eco-efficient culture, developing activities that involve the separation of waste, as well as the saving of water and energy.

Additionally, in 1997, Waste Recycling Group established WREN, a non-profit organisation whose objective is to benefit as many people as possible, especially those living near landfill sites managed by WRG.

The investment philosophy of this British organisation is to collaborate with local communities by means of citizen participation and in choosing projects that have a high impact on their environment. In 2011 it donated 16.5 million euros to social projects.

For further information please visit the website: www.wren.org.uk

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1.2. Education, the central theme of the Group's social commitment

Education is one of the key factors for economic development and social progress of communities. For FCC, cooperation in the field of education constitutes one of the basic lines of action of the activities of its social commitment.

The knowledge and experience of its employees are the main assets of the projects developed by the company within the scope of education. They cover university, secondary and primary education.

COLLABORATION WITH EDUCATIONAL CENTRES: COMMITTED TO TEACHING

Each line of business develops activities with educational centres by means of collaboration agreements. The following are worth mentioning:

- ▶ The Environment Division of the Group spent 2.7 million Euros on initiatives to protect the natural environment and to promote the efficient use of resources. Moreover the Green Schools Project can also be highlighted. Developed in Buenos Aires, it encourages the culture of eco-efficiency in schools. It involves the separation of waste and the saving of drinking water and energy.
- ▶ Cementos Portland Valderrivas participated in educational events at the University of Navarra, the Valdeolea State Junior School (Cantabria), and the Albero de Alcalá de Guadaíra State Secondary School. It also took part in the first edition of the FCC Environmental Classroom at the Sagrados Corazones School.
- ▶ FCC Construcción upholds agreements with several universities, study centres, post-graduate and technological centres, offering scholarships to their students and supporting different lines of research. As an example, it has been collaborating for over 20 years with the School of Civil Engineers at the Madrid Polytechnic University offering training courses for last year students at this University and it sponsors the FCC Construcción Awards, that are given to the three best students each year.
- ▶ aqualia has signed agreements with universities and business schools and has participated in specific courses and other technical seminars. The participation of aqualia executives in the Second Edition of Senior Management Development Programme (SMDP) can be highlighted, which was developed in collaboration with the University of Nebrija, which aims to provide social and business skills, as well as offering internal cohesion for aqualia executives.
- ▶ Cemusa takes part in the TEC-MUSA Project (Technologies for sustainable and accessible urban mobility) for which a range of technologies to be incorporated into passenger and cargo vehicles has been developed, with low or zero emissions and advanced accessibility and customer-communication features.
- ▶ Also noteworthy are some of the projects within the scope of education carried out by Waste Recycling Group. The company designed a training programme for children and young people in which participants are made aware of the important role played by citizens in the recycling chain. Furthermore, the training programme included complete information about waste recycling processes.

Additionally, FCC Group has signed a collaboration agreement with Plan España for the joint development of the education project "I can't vote, but I've got a voice", in which it intends to cooperate with said entity in order to achieve a fairer, more pluralistic and equal society. The agreement lasts until 2014 and provides for the training of more than 700 children in seven Spanish cities.

THE FUTURE OF THE EARTH LIES IN THE CLASSROOM

During 2011 FCC Group launched the second edition of its environmental classes under the slogan "The future of the earth lies in the classroom".

The aim of the initiative is to educate children from an early age on the impact that our daily activities have on the environment and to develop attitudes, behaviours and habits that are environmentally friendly.

The FCC Group wants to demonstrate its close involvement with the society it serves. In this first phase of the project it has collaborated with the Sagrados Corazones School in Madrid, a city in which the company has been developing different activities for decades. This year, the FCC Environmental Class has been driven by the incorporation into the project of three new prestigious centres of the Community of Madrid; these include the Orvalle, Mater Salvatoris and El Parque Schools, which join the project together with the Sagrados Corazones School, which was able to enjoy this Environmental Class last year too.

In 2011 around two thousand students attended the environmental classes. By means of these sessions taught by professionals from FCC in the field of sustainability and the business divisions, the children have become aware of the environmental impacts that their everyday activities generate, as well as becoming aware of the consequences of climate change and they have received information about how their daily activities can contribute to improving their environment and natural surroundings.



The environmental model is supported by dynamic and very visual presentations, games and activities, and finishes off with a guided tour of one of the facilities managed by FCC Group, either a waste treatment centre or a wastewater treatment plant.

The content is prepared and taught by personnel who are experts in these matters that come from business divisions of the Group, such as Construcción, Cementos Portland Valderrivas, Aqualia and FCC Ambito.

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AQUALIA PROMOTES THE RATIONAL USE OF WATER AMONG THE YOUNGEST MEMBERS OF OUR COMMUNITY

Again, following the success achieved in the previous eight years, and to commemorate World Water Day 2011, aqualia organised the ninth annual International Children's Painting Competition, which on this occasion considered what a luxury it is to have quantity and quality, of something as precious as water and the role of aqualia in providing water to homes and to return it to the natural environment in optimum conditions. To do this, we have chosen the slogan "Water, the transparent luxury. Give it some colour".

The painting competition, aimed at all children who are studying primary years 3 and 4 in municipalities where aqualia provides its services in Spain, Italy and Portugal, draws attention to aspects related to both the nature of the resource itself and its management.



THE FCC CARRIAGE MUSEUM, A LEARNING SPACE

The city of Barcelona is home to a magnificent collection of wagons, carriages and old wheeled machinery, which offers the visitor a unique opportunity in Spain to get to know the history of carriages in this country as well as the evolution of the machinery that made it possible to provide the first city services in the twentieth century.

This collection, of high economic value and the only one of its kind in Spain, includes nearly 50 carriages and wagons of different styles and periods, and more than 500 saddlery objects, which all belong to the Piera collection, entrepreneurs from the quarries of Montjuic and the founders of Fomento de Obras y Construcciones (FOCSA), the origin of FCC and now owned by the Group.

The collection also includes wheeled machinery that was involved in providing services to the city and that date back to the beginning of the last century and which enabled the development of the city of Barcelona.



This museum, located in Josep Pallach Street, in Barcelona, allows the visitor, and especially school children, to get close to the artefacts, as they take a tour through the history of the carriage in Spain and the services that carriages have provided to Spanish citizens.

FCC preserves this rich historic and artistic heritage as part of its social responsibility.

1.3. FCC Group's projects and the evaluation of their social impact

FCC Group is aware of its social impact: its activities are a source of wealth and employment, and the infrastructures and the services that it provides are a driving force for progress for society.

However, the Group's activities may have negative impacts on the communities in which they are developed. Operations that have the

CSR CONNECTING CITIZENS

highest risk of impact on local communities are operations involving the extraction of materials, carried out by the Cement Division, and the activities of the divisions involved in waste management. Before the start of the projects, FCC Group conducts the appropriate environmental impact study, choosing the most environmentally friendly option from the choices available. Furthermore, some companies of the Group implement processes of dialogue with local communities in order to get their opinion and adapt to their needs and requirements.

With regard to social projects, FCC Group ensures its commitment to transparency and participation in all social projects developed by its lines of business, and does not simply carry out the role of a mere donor. Thus the Group employs control measures and periodic reviews of its projects in order to measure the scope of, and value generated from, projects that contribute to social development of communities where it operates.

►►► For more information on FCC Group's social commitments please visit our company website: <http://www.fcc.es/fccweb/responsabilidad-corporativa/ciudadania-corporativa/accion-social/index.html>

► 2. CORPORATE VOLUNTEERING

The "FCC Volunteers" programme includes the participation of its own employees, which help the Esther Koplowitz Foundation's social projects; a reference in Spain in providing assistance to society's most needy.

The programme is an opportunity to publicise and promote, among the other workers, the benefits of participating in corporate citizen projects, supporting the company's mission to create value for society and to contribute to the welfare of people.

FCC Group's Corporate volunteering plan	►►►►►► Facilitates voluntary access to social action projects for as many employees as possible
	►►►►►► Promotes CSR within the company, its significance, its implications and its benefits
	►►►►►► Encourages a sense of belonging within the company

Since FCC Group initiated this programme in 2008, it has contributed year after year with various social initiatives within the scope of cooperation with the aforementioned Foundation, noting especially the homes created for the elderly or mentally handicapped. The volunteering projects are carried out in the field of cooperation and environmental education as well as helping in humanitarian emergencies. This collaboration is highlighted in three cities:

- "Nuestra Casa" Old people's residential home, Collado Villalba, Madrid.
- "Nostra Casa" Old people's residential home, Fort Pieç, Barcelona.
- Residential home for the physically and mentally handicapped in La Nostra Casa, Valencia.

In 2011, 447 people were helped by "FCC Volunteers", which involved the participation of 110 company employees.

Among the series of conferences, the most outstanding due to its originality is the one titled "Fridays at the Home", which is held in the residential homes of Madrid and Barcelona. These conferences consist of a platform for thought and discussion among the guests and residents. The speaker chooses a topic that transmits and shares their professional expertise with the attendees. After the conference there is an open floor to ask questions and generate discussion between the guests and residents. So far there have been over 80 speakers from the fields of medicine and research, university, culture, politics, business, etc.

This corporate volunteer programme has been selected by the Club of Excellence in Sustainability within its catalogue of good business practices and corporate responsibility.

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Likewise, in the fifteenth edition of the CODESPA awards, the FCC Volunteers' programme. "Carriers of Joy", was selected as a finalist. These awards recognise the companies, SMEs and groups of employees, who have stood out the most for their commitment to developing countries.

The company has launched an internet page dedicated to volunteering, which can be found on the Group's website, and which promotes the activities of the programme. This online platform fosters a climate of association and of leisure activities among the volunteers.

WRG AND THE REUSE CENTRE AT HARPINGTON (UNITED KINGDOM)

The British subsidiary of FCC Waste Recycling Group, in collaboration with Hertfordshire County Council and the Sue Ryder NGO, is working on a project for social and environmental innovation that the recycling centre in Harpington (UK) represents.

This collaboration permits the design of new ways to recycle urban wastes that prevent them from being sent to the landfill, promoting by means of donations from volunteers their reuse in the field of social charity. For further information on this project, please visit <http://www.wrg.co.uk/>



The strategy that guides FCC Group's social commitments places emphasis on encouraging employee participation in company projects.

►► For more information on FCC Group's social commitment please visit the company website: <http://www.fcc.es/fccweb/responsabilidad-corporativa/ciudadania-corporativa/accion-social/index.html>

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▶ 3. DIALOGUE AND PARTICIPATION

FCC Group maintains a strategy of dialogue and cooperation with interest groups of the company, by means of developing communication platforms which enable a closer relationship with them.

FCC actively takes part in various initiatives that improve the visibility and awareness of interest groups regarding the Group's activities and results.

3.1. Communication with interest groups

The strategy of dialogue with stakeholders is promoted from all lines of business within the organization. Consultations with interest groups allow FCC Group to identify their main concerns regarding the company. In general, these consist of the following: aspects related to communication with the environment, internal communications, restoration of quarries, local community involvement, local employment, professional development, climate change, alternative fuels, health and safety, supply chain, social action, welfare and equality, management of RDI, integration of disabled citizens and environmental investments.

In a citizen services company such as the FCC Group, communication with stakeholders should be on-going, in order to detect and meet the needs of the societies in which we operate.

The Group also uses various communication channels that allow projects and initiatives to be proposed, as well as active listening and response to the demands made by stakeholders that are inherent in each activity. The most prominent example is the corporate website, which has established itself as the channel used by FCC Group to disseminate information to its stakeholders. It reflects the Group's most remarkable performances and actions. In 2011 the website received a total of 184,841 visits and the new website was launched.

Along with the website, the Group's divisions maintain continuous dialogue with stakeholders throughout the course of the year, by means of consultation sessions, e-mails, newsletters and magazines, trade publications, and end-of-project surveys, among others.

Also worth noting is that the FCC Construcción website (www.fccco.es) recorded 124,963 visits during 2011, while its intranet received a total of 4,776 different users and 3,448,996 pages visited.

The work performed by aqualia in this regard is important, each year the Company organises fora with stakeholders and Cementos Portland Valderrivas, that include their opinions on decision making by means of the Bitácora Project. This project consists of meetings and dialogue sessions with employees on the one hand, and representatives of civil society on the other, in which they express their interests and demands. After each dialogue session a report is produced that is delivered to the Management Committee.

The project, in its fifth year, has achieved a participation rate of over 600 representatives of interest groups in eleven different locations. Within the framework of the Bitacora Project, the following 2011 achievements are worthy of mention:

- ▶ The confirmation of the improvement of both the employee confidence level indicators over the last three years as well as the evaluations carried out by employees on the initiatives undertaken by the company.
- ▶ The high confidence levels achieved in 2010 have been maintained by social representatives and their evaluation has gone done slightly with regard to the initiatives implemented by the company in response to their expectations.
- ▶ For the first time, a dialogue session was held with financial analysts and another with clients in the Northern Area, with a commitment to continue to hold them on a regular basis in the future. For further information please visit (www.valderrivas.es).

Furthermore WRG encourages the formation of a liaison committee for communication with the community for each major operating location; this includes representatives of the local community, and deals with operational issues on a regular basis. Similarly, for large projects, before applying for building permits, the site locations are confirmed with the local community.

CONNECTING CITIZENS CSR

3.1.1. Shareholders and investors

In 2011, the Stock Market and Investor Relations department organised 210 meetings. The company carried out several Roadshows, both nationally (Barcelona) and internationally (London, Paris, Amsterdam, Rotterdam, Brussels and Andorra), plus five reverse Roadshows."

What is more, on the company website there is an exclusive section for shareholders and investors with relevant information about the economic performance of the company, investor's agenda to communicate important events, and a specific communication channel for investors.

3.1.2. Employees

The main tool of communication with employees is the corporate intranet, FCCnet, although some lines of business have their own intranet. In addition, employees have the Employee Portal, with specific content for employees, and which has established itself as an effective communication tool. The Group's intranet averaged 8,397 visitors per day in 2011. The company also regularly convenes employees to inform them in-person on various matters, and uses the Ethics Channel, another internal tool of communication between employees and the company.

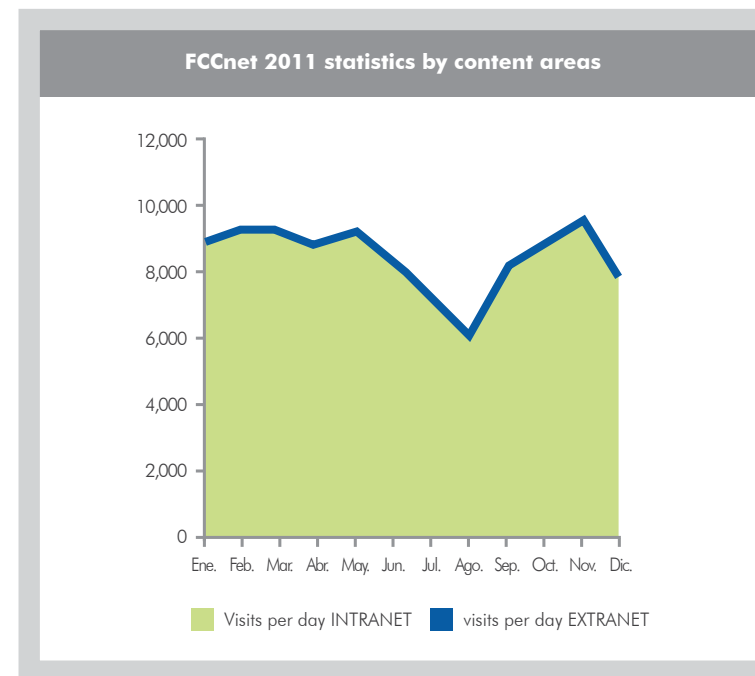
In 2010, the Group launched its online magazine "communication network", receiving more than 20,000 visits, it is currently available in twelve languages, and has reinforced communication to employees who do not have online access by posting it on the information boards at their work centres, with a global distribution of more than 2,000 posters in Spanish, these include the most significant headlines that appear in the "Communication network". This tool has continued to allow fluid communication with employees with a monthly average of 32,618 visits during 2011.

3.1.3. Suppliers and contractors

The behaviour of suppliers and contractors is vital to ensure compliance with the commitments made by FCC Group. To this end the company seeks to align their behaviour with corporate objectives. The training initiatives and awareness campaigns given to suppliers and subcontractors seek, among other things, to convey the importance of compliance with FCC Group's policies and standards.

3.1.4. Public administrations and regulators

Group companies frequently participate in self-regulation initiatives of the sector as well as in the development of new legislation relating to the company's area of activity. All FCC Group's business



CSR CONNECTING CITIZENS

areas have implemented voluntary measures to maintain the highest standards of production and service in the different areas of activity.

3.1.5. Clients

FCC Group's direct clients are government, private institutions and individuals. The objective of the Group is to rigorously comply with its contracts, maintaining high standards of quality, while bearing in mind end-user satisfaction regarding the projects performed: the citizen.

Each Group company has quality management systems in place in accordance with the UNE EN ISO 9001 standard, the most renowned in its field. Each line of business has its own action plans with a view to increasing the percentage of certified activities under this Standard. In 2011, 84.5% of the total activities of FCC Group were certified in accordance with ISO 9001.

3.1.5.1. Communication with clients

The Group's activities have well established systems for quality management, which guarantee the quality of products and services. In order to achieve ever greater levels of reliability and quality, FCC Group is in constant contact with clients through various channels in order to analyse the relevant information and act accordingly. In general, all business areas use technical seminars, meetings and specific information on the internet, as well as other traditional communication channels such as regular visits.

Each company has its own means of communication with clients, because each client has its own characteristics. For example, FCC Construcción has a client interlocutor responsible for raising points of collaboration and addressing any suggestions received, as well as discussing the information gathered in meetings with customers, and will subsequently provide information on the actions taken as a result of their suggestions and contributions.

For its part, Proactiva Medio Ambiente has customer services offices in every country in which it performs the commercial management of water (Mexico, Colombia, Ecuador and Peru), including call centres that respond to service requests by phone, online contact through web pages and email, as well as the usual channels where the company records complaints and suggestions from its users. In addition, mobile units have been made available in Ecuador to meet the needs of suburban areas as well as nearby commercial services programmes, such as the initiative entitled "Proactive in your neighbourhood" developed in Colombia.

Finally it is important to mention that in 2011 aqualia launched a campaign focused on contact channels in which two million leaflets were distributed to the end client. Furthermore posters were produced for all the company's customer services offices as well as for advertisements in the press.

3.1.5.2. Customer satisfaction

In order to obtain the views of customers regarding the services and improvements that customers consider necessary, the Group carries out satisfaction surveys in different areas of business. The objective of the FCC satisfaction surveys is to become aware of the opinion and degree of satisfaction of customers with regard to projects, as well as to identify the most important areas of improvement for future projects.

Due to the diversity of activities and types of customers of FCC Group, the measurement criteria for satisfaction are decentralized, so that each business has its own measurement methodology, with the common goal of understanding the client's opinion on services provided and in order to develop improvement actions. Depending on the Group's subsidiaries, satisfaction surveys are conducted at least every two years.

3.1.5.3. Life cycle of the products and services

In general the life cycle of each of the products and services that FCC offers will involve the following phases:

- ▶ Developing the concept of the product: RDI.
- ▶ Certification, manufacturing and production.
- ▶ Marketing and promotion.
- ▶ Storage, distribution and supply.
- ▶ Use and service.
- ▶ Elimination, reuse and recycling.

CONNECTING CITIZENS CSR

Depending on the type of activity developed, the services are evaluated in order to test possible effects regarding employees' health and safety. However, due to the nature of the products developed, they are not susceptible to causing a significant impact on the health and safety of customers, therefore these project do not undergo these types of evaluations.

By means of FCC's information collection systems, in 2011 no incidents related to breaches of legal regulations or voluntary codes related to the impact of products and services on health and safety have been registered.

3.2. Presence in CSR associations and forums

In 2011, FCC Group continued in its participation and involvement in industry associations and CSR forums such as ASEPAM (Spanish Network for the United Nations Global Compact), Club of Excellence in Sustainability, Forética, CSR Commission of the CEOE (Spanish Confederation of Employers' Organisations), State Council of Social Responsibility of Companies (CERSE), Pro-Clima Forum Madrid, Fundación Carolina.

With regard to communicating its actions and participation in interest groups, the following can be highlighted:

- ▶ Internal magazine entitled "Communication Network" and the Communication Room.
- ▶ aqualia forums with suppliers, customers and the media.
- ▶ Benchmarking days of the Spanish Social and Economic Council (CES) with the FCC Medioambiente electrical vehicle.
- ▶ Stakeholder Engagement & Trust tool, in Cementos Portland Valderrivas with its interest groups
- ▶ Collaboration of aqualia with Water Alliance, to promote the latest trends and solutions in the world of water, with an angle of solidarity.
- ▶ aqualia's participation in the International Benchmarking Programme of the International Water Association.

In addition, each business division is part of its respective sectorial associations in each one of its areas of activity, through which it provides expertise and knowledge.

It should be highlighted that aqualia has become the first private company in Spain within the sector to adhere to the commitments of the Water Alliance, an organization created under the umbrella of the United Nations Millennium Development Goals (MDG), adopted in 2000 by a total of 189 countries. Water Alliance seeks to promote solidarity among water users in Spain and Central America.

FCC AWARDED WITH THE 'COMISIONES OBRERAS' TRADE UNION AWARD FOR ITS COMMITMENT TO SOCIETY

In 2011 FCC received, in the hands of its principle shareholder Esther Koplowitz, the 'Comisiones Obreras' trade union Construction and Wood Foundation award, under the category of 'Commitment to the community' for "creating a solidarity network that focuses its work on groups with special difficulties", as noted by members of the Jury.

The Trade Union's Construction and Wood Foundation valued FCC's work in promoting employee involvement on a voluntary basis in a solidarity network. The president of the Trade Union Foundation and the secretary general of FECOMA (State federation of construction, wood and similar workers), Fernando Serrano, was appointed to present the award to Esther Koplowitz, who showed her gratitude for the award on behalf of all employees of the Citizen Services Group.

In his speech, Serrano highlighted the importance of Koplowitz and her role as "entrepreneur" in transforming FCC into one of the most important companies in Spain. For the most senior figure in the foundation "to speak of companies is to speak of its workers, because when the workers have the proper training and when they are recognised and their efforts are valued, they form the main asset of the company".

CSR PERFORMANCE INDICATORS OF FCC GROUP

INDICATORS

Economic indicators	Units	2011	2010	2009
Net business turnover	Millions of Euros	11,755	11,908	12,700
Gross operating profit (Ebitda)	Millions of Euros	1,252	1,366	1,485
Net operating profit (Ebit)	Millions of Euros	401	778	790
Cash flow operations	Millions of Euros	999.4	967.8	1,602
Cash flow investments	Millions of Euros	5.2	[507.4]	[843.1]
Project portfolio	Millions of Euros	35,237.6	35,309	34,548
Generated economic value	Thousands of Euros	11,978,024	12,349,508	13,168,696
Economic value distributed by FCC Group	Thousands of Euros	11,564,606	11,646,906	12,352,960
Procurements (suppliers of materials and services)	Thousands of Euros	5,448,490	5,576,595	6,126,122
Other operating expenses	Thousands of Euros	2,137,231	2,105,851	2,174,662
Salary expenses	Thousands of Euros	3,292,672	3,258,153	3,296,522
Corporate income tax	Thousands of Euros	27,154	97,761	115,229
Interest and exchange rates differences	Thousands of Euros	479,688	401,100	405,027
Dividends paid to shareholders	Thousands of Euros	173,191	201,236	228,198
Economic contribution to corporate citizenship	Thousands of Euros	6,180	6,200	7,200
Significant financial assistance received from governments (subsidies)	Thousands of Euros	159,721	38,661	63,576
Activity with quality certification	%	87.7	86.6	83.0
Purchases from suppliers	Thousands of Euros	881,779	2,186,770	2,181,971
Total purchases from local suppliers managed directly	%	93.5	68.3	64.6
Ethics and integrity	Units	2011	2010	2009
Communications received through the Code of Ethics channel	n°	14	3	NA
Efficiency and technology	Units	2011	2010	2009
Investment in RDI	Thousands of Euros	16,326	11,400	23,621.8
Activity with environmental certification	%	79.0	74.0	72.0
SO ₂ emissions	kg	3,212,497.8	9,372,039.8	34,416,347.8
NOx emissions	kg	19,185,920.3	23,051,524.0	35,901,557.1
Particulate emissions	kg	2,956,737.2	510,893	26,798,919.0
Consumption of materials	tonnes	82,364,173.2	124,873,722.7	274,510,813.0
Consumption of raw materials	tonnes	69,119,630.2	NA	NA
Consumption of semi-manufactured products	tonnes	11,982,945.5	NA	NA
Consumption of auxiliary materials	tonnes	1,308,415	NA	NA
Materials of renewable origin	tonnes	10,580,426.5	NA	NA

PERFORMANCE INDICATORS OF FCC GROUP CSR

Materials of recycling origin	tonnes	10,615,176.0	NA	NA
Certified materials	tonnes	1,963,657.8	NA	NA
Eficiencia y tecnología	Units	2011	2010	2009
Water consumption	m³	15,013,567.1	18,741,762.9	18,982,500.0
Consumption of recycled water	m ³	3,289,728.5	2,253,057.3	2,467,725.0
Consumption pertaining to surface water	m ³	2,658,021.2	4,268,260.1	4,935,450.0
Consumption pertaining to groundwater	m ³	1,110,799.4	1,030,034.0	1,138,950.0
Consumption pertaining to municipal supply	m ³	35,588,446.5	5,610,195.0	7,213,350.0
Consumption pertaining to other sources	m ³	2,748,111.5	5,580,216.5	3,227,025.0
Discharged waste water	m³	496,474,024.8	2,612,830.4	4,540,370.0
Purified waste water	%	94.2	99.3	98.5
Water captured to be managed	m³	676,576,513	647,076,873	NA
Percentage of groundwater captured	%	28.7	26.8	NA
Percentage of surface water captured	%	66.7	69.1	NA
Percentage of desalinated water captured	%	1.8	1.2	NA
Percentage of other captured elements	%	2.8	2.9	NA
Total waste generated	tonnes	4,830,697	10,277,579	23,394,425.0
Hazardous waste generated	tonnes	277,441.1	176,162	201,192
Non-hazardous waste generated	tonnes	4,553,255.9	10,101,417	23,193,232.9
Waste managed	tonnes	16,127,144.3	17,962,530	11,319,578
Waste collected	tonnes	22,088,405.4	22,639,951	24,052,358
Urban waste	tonnes	6,708,431.5	NA	NA
Hazardous industrial waste	tonnes	14,057,484.1	NA	NA
Non-hazardous industrial waste	tonnes	1,322,489.7	NA	NA
Waste admitted in FCC centres	tonnes	15,889,991.7	NA	NA
Urban waste	tonnes	261,022.0	NA	NA
Hazardous industrial waste	tonnes	13,807,302.2	NA	NA
Non-hazardous industrial waste	tonnes	1,821,667.4	NA	NA
Treatment given to hazardous waste*	tonnes	509,093	1,018,223	884,580
Recovery	%	12.3	4.6	6.2
Stabilisation	%	0.4	13.8	11.1
Transferred to an end manager/other destinations	%	73.8	81.6	82.7
Treatment given to non-hazardous waste*	tonnes	15,618,051.6	17,962,530	11,319,578
Recovery	%	17.9	NA	NA
Elimination at controlled landfill	%	76.2	NA	NA
Transferred to an end manager	%	5.9	NA	NA

* The distribution by treatment is an estimated figure taken from the best available information

CSR PERFORMANCE INDICATORS OF FCC GROUP

Energy and climate change	Units	2011	2010	2009
Total GHG emissions	† CO ₂ eq	11,917,117.5	16,031,632.0	16,260,181.0
Direct GHG emissions	† CO ₂ eq	11,342,481.1	14,702,036.0	15,422,530.0
Indirect GHG emissions	† CO ₂ eq	574,636.3	1,329,595.0	837,651.0
Direct consumption of energy	GJ	34,798,033.5	51,316,981	44,484,423
Renewable energy consumed	GJ	2,430,701.7	2,270,967	4,251,929
Non-renewable energy consumed	GJ	32,367,331.7	49,046,014	40,232,494
Indirect consumption of energy	GJ	6,190,451.5	10,780,156.6	7,169,623.2
Electrical energy consumed	GJ	6,176,024.5	10,765,954.8	7,116,928.9
Energy in the form of steam consumed	GJ	14,427	14,168.9	7,645.6
Total energy consumed	GJ	40,988,484.9	62,097,137.6	51,654,046.2
Generation of renewable energy	GJ	2,714,422	918,884	856,142
Wind energy produced	GJ	2,667,344.4	887,065	823,238
Photovoltaic energy produced	GJ	33,470	31,819	32,904
Energy produced from waste (biomass fraction)	GJ	13,607.7	NA	NA
Hydraulic energy produced	GJ	53,005.1	NA	NA
Community	Units	2011	2010	2009
Investment in social action /corporate citizenship	Millions of Euros	6.18	6.20	7.20
People	Units	2011	2010	2009
Total personnel	Nº	90,749	90,013	92,324
Total women	Nº	19,195	19,197	NA
Total men	Nº	71,554	70,816	NA
Percentage of women executives with respect to total executives	%	13.60	32.90	30.97
Number of employees with permanent contract	Nº	32,637	31,807	31,541
Number of employees with a temporary contract	Nº	11,444	10,697	12,515
Number of employees on assignment	Nº	46,668	47,509	48,267
Total voluntary rotation	%	5.42	NA	NA
Total voluntary rotation of men	%	5.69	NA	NA
Total voluntary rotation of women	%	4.40	NA	NA
Number of disabled employees	Nº	1,019	1,042	NA
Number of training hours per employee	Nº	10.21	9.53	6.89
Number workers covered by collective agreements (Spain)	%	100	100	100

PERFORMANCE INDICATORS OF FCC GROUP CSR

People	Units	2011	2010	2009
Number of people off work due to occupational accidents (except in itinere or for cardiovascular reasons). Own personnel.	Nº	5,653	6,312	6,348
Work days lost due to occupational accidents or diseases (except in itinere or for cardiovascular reasons). Own personnel.	Nº	130,517	132,702.5	128,085
FCC Group accident rate indexes (national and international). Own personnel				
Frequency index		36.18	40.31	42.02
Severity index		0.83	0.87	0.87
Occupational accident incidence index		69.75	77.20	79.57
Absenteeism index		6.91	7.07	7.31
FCC Group accident rate indexes (national and international). Own personnel + subcontracted personnel				
Frequency index		33.92	38.22	38.59
Severity index		0.76	0.82	0.80
Occupational accident incidence index		64.58	72.12	72.91
Absenteeism index		5.87	6.12	6.24
Deaths caused by occupational accidents				
Total FCC Group (own personal + subcontracted personnel)	Nº	12	18	19
Own personnel	Nº	8	11	7
Subcontracted personnel	Nº	4	7	12

CSR HOW THE REPORT WAS PREPARED

HOW THE REPORT WAS PREPARED

This Corporate Responsibility Report of FCC Group seeks to reflect the evolution of the company during 2011, and the newly defined strategic areas in the 2012-2014 Master Plan, with a description of policies and initiatives implemented in the period as well as the most relevant indicators and objectives. To learn about other initiatives launched in previous years, we recommend that the reader visits the FCC website, which contains comprehensive information on the management of corporate responsibility within the company.

In order to help the reader better understand the values of FCC, its strategy regarding corporate responsibility and action programmes, the report adheres to three strategic lines of the Master Plan (citizen connection, intelligent services and exemplary behaviour), and each chapter contains a summary of major policies and initiatives in effect for each interest group.

This report has been prepared in accordance with the Global Reporting Initiative's (GRI) sustainable reporting guidelines, as amended on March 2011 (entitled G3.1), in the highest application level (A +) as well as in accordance with the AA1000 APS Accountability Standard (version 2008).

During 2011, data collection systems were improved, and the tool by which divisions and businesses produced reports was enhanced. This IT tool, called Horizonte, is created to facilitate the collection and consolidation of qualitative and quantitative information, and was reinforced with the development of protocols to support those who prepare the reports in business areas and divisions, ensuring reliability, quality, consistency and the origin of the information.

The Department of Communications and Corporate Responsibility is responsible for coordinating accountability regarding the economic, social and environmental performance of the company, as well as the promotion of the Corporate Responsibility Master Plan.

Application of the AA100 Standard in the preparation of this report:

Inclusiveness. FCC Group and each one of its businesses regularly conduct consultations with its interest groups. This report is structured along the lines of the renewed Master Plan, for which internal consultations were conducted through interviews with managers responsible for areas and divisions,

as well as external meetings with energy experts, cities, the media and representatives of NGOs and public administrations.

Relevance. During the update of the aforesaid Master Plan an analysis was carried out of sustainable trends that should be met by FCC Group as a citizen service company. This trend analysis was based on recent reports from sources such as the World Economic Forum, Slim cities: Sustainable buildings; Smart Energy, Water Resources Group, and the special 2011 report of the IPCC, the Special Report on Renewable Energy Sources and Climate Change Mitigation. Afterwards, in a round of internal interviews and with a panel of experts, the relevance of these trends was consulted as well as the material aspects that the company should take into account according to its activity, in order to add value to said Plan.

Response capability. In this Master Plan, FCC designed a series of initiatives to respond to the challenges that had been identified as key issues for the company. That is why the Group's response to the challenge of combining its activities with developing sustainable cities of the future aims to better serve its citizens, putting people of the Group at the heart of the strategy and putting greater emphasis on the sustainability of the supply chain.

Participation of interest groups and the determination of materiality

This Corporate Responsibility Report, published annually, is aimed at FCC Group's interest groups. These interest groups contribute decisively to the knowledge and understanding of issues of interest and concern to the company and therefore are a key aspect in the social management and trust in the Group. In 2010, a study of materiality was undertaken in order to address these issues and in 2011 consultation work continued for the drafting of the new 2012-2014 Master Plan. The results of these studies have focused on FCC's approach to corporate responsibility.

HOW THE REPORT WAS PREPARED **CSR**

FCC Group promotes the participation of its interest groups through communication channels established for this purpose. The "dialogue and participation" section of this report analyses in detail these channels, through which the Group collects valuable information.

A new image for a new position

The participatory processes and analyses have identified material issues, risks and opportunities for FCC Group's corporate responsibility agenda.

In 2011, FCC Group changed the structure of its Corporate Responsibility Report, taking into account the strategic axes defined in the 2012-2014 Master Plan.

The report reflects the performance of FCC as a whole, providing information consolidated at Group level. This approach responds to the new company strategy, in which all of its business units propose their activities with one single purpose: to provide service to citizens. Sometimes, when appropriate, noteworthy examples are offered of some of the lines of business that are useful to illustrate certain issues.

Since this report contains information on the company's global focus on sustainability issues, at times some information has been omitted that might be useful. In these cases, the reader who requires further information is invited to visit the corporate website or to look at the corresponding sustainability reports published by the business divisions of FCC Group, which expand on specific details of each activity.

Scope of the Report

The scope of coverage of this report coincides with the Group's scope of financial consolidation and reflects the company's activities during 2011. Specifically, the extent of the information provided in this report, both regarding the sections on Citizen Connection and Exemplary Behaviour, corresponds to the scope of integration which is used for financial consolidation, according to which, data is considered from 100% of the participating companies over which FCC has management control, regardless of their holding. In the case of joint ventures, the value of those in which it controls the operations is included, applying its percentage of ownership as appropriate. In both the Intelligent Services and the Exemplary Behaviour sections, following the principle of materiality and the availability of information by business area, the scope of the quantitative data excludes the Proactiva subsidiary.

FCC Group, characterised for its diverse geography and activities, is working to extend the scope of information to all companies making up the group. The relationship of FCC Group companies as of 31 December 2011, and a description of each, appears in the sections "Challenges I, II, III and IV" of this Report.

Quality of the information disclosed

The purpose of this report is to provide public awareness regarding issues and indicators that have been identified as tangible, enabling the expectations of the interest groups of the Group to be met, with information being duly provided on decision making.

The drafting process has been guided by the principles established by the Global Reporting Initiative (GRI) in its G3.1 Guidelines in order to reflect quality information, and it includes the additional information required by the supplement "Construction and Real Estate", which contains specific indicators for companies in the construction and real estate sector, recently published by GRI, which must be followed by all companies that want to achieve an A + rating, awarded by GRI to those reports that follow its recommendations (table with the index of G3.1 content available at www.fcc.es). This Corporate Responsibility Report for the year 2011 offers a balanced, comparable, accurate, reliable, regular (annual) and clear perspective on the economic, social and environmental performance of the Group.

Reliability

The Corporate Social Responsibility Report 2011 of FCC has been verified by KPMG in accordance with the ISAE 3000 international standard. The scope, work description and conclusions of this verification are found in the section entitled Verification Letter.

CSR HOW THE REPORT WAS PREPARED

SELF-CLASSIFICATION OF THE REPORT IN THE G3 SCALE

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

United Nations Global Compact

In 2011, FCC Group continued to strongly support the Ten Principles of the Global Compact, principles relating to human rights, labour rights, environmental protection and corruption. The Group has been associated with the Spanish Global Compact Association (ASEPAM) since 2007, whose main objective is to support, promote and disseminate the incorporation of the Ten Principles in the strategic vision of companies.

To show its strong support for the Ten Principles of the Global Compact, FCC Group includes a clause in all contracts with suppliers, approved by the Management Committee, which requires all suppliers and contractors to meet the FCC Group’s Code of Ethics and comply with the Ten Principles of the Global Compact. This clause is a guarantee for the Group that its suppliers are adhering to these principles in their own activities.



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Independent Assurance Report to the Management of Fomento de Construcciones y Contratas, S.A.

(Free translation from the original in Spanish.
In case of discrepancy, the Spanish language version prevails.)

We performed a limited assurance review on the non-financial information contained in Fomento de Construcciones y Contratas, S.A. (hereinafter FCC) Corporate Social Responsibility Report for the year ended 31 December 2011 (hereinafter "the Report"). The information reviewed corresponds to the economic, environmental and social indicators referred in the chapter entitled How the Report was prepared.

FCC management is responsible for the preparation and presentation of the Report in accordance with the Sustainability Reporting Guidelines version 3.1 (G3.1) of the Global Reporting Initiative as described in the section entitled How the Report was prepared. This section details the self-declared application level, which has been confirmed by Global Reporting Initiative. Management is also responsible for the information and assertions contained within the Report; for the implementation of processes and procedures which adhere to the principles set out in the AA1000 AccountAbility Principles Standard 2008 (AA1000 APS); for determining its objectives in respect of the selection and presentation of sustainable development performance and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Our responsibility is to carry out a limited assurance engagement and to issue, based on the work performed, an independent report. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board and also in accordance with the guidance set out by the Accountants Institute of Spain (*Instituto de Censores Jurados de Cuentas de España*). These standards require that we plan and perform the engagement to obtain limited assurance about whether the Report is free from material misstatement and that we comply with the independence requirements included in the International Ethics Standards Board for Accountants Code of Ethics which outlines detailed requirements regarding integrity, objectivity, confidentiality and professional qualifications and conduct. We have also conducted our engagement in accordance with AA1000 Accountability Assurance Standard 2008 (AA1000 AS) (Type 2), which covers not only the nature and extent of the organisation's adherence to the AA1000 APS, but also evaluates the reliability of performance information as indicated in the scope.

A limited assurance engagement on a sustainability report consists of making inquiries to Management, primarily to the persons responsible for the preparation of information presented in the Report, and applying analytical and other evidence gathering procedures, as appropriate through the following procedures:

- Inquiries of management to gain an understanding of FCC's processes for determining the material issues for their key stakeholder groups.
- Interviews with relevant FCC staff concerning the application of sustainability strategy and policies.
- Interviews with relevant FCC staff responsible for providing the information contained in the Report.
- Visiting a residential building worksite (Urbanización Nuevo Tres Cantos), selected based on a risk analysis considering quantitative and qualitative criteria.
- Analysing the processes of compiling and internal control over quantitative data reflected in the Report, regarding the reliability of the information, by using analytical procedures and review testing based on sampling.
- Reading the information presented in the Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of FCC.

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- Verifying that the financial information reflected in the Report was taken from the annual accounts of FCC, which were audited by independent third parties.

The extent of evidence gathering procedures performed in a limited assurance engagement is less than that for a reasonable assurance engagement, and therefore also the level of assurance provided. Also, this report should not be considered an audit report.

Our multidisciplinary team included specialists in AA1000 APS, stakeholder dialogue, social, environmental and economic business performance.

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the data included in the Corporate Social Responsibility Report of FCC for the year ended 31 December 2011 have not been reliably obtained, that the information has not been fairly presented, or that significant discrepancies or omissions exist, nor that the Report is not prepared, in all material respects, in accordance with the Sustainability Reporting Guidelines (G3.1) of the Global Reporting Initiative as described in the How the Report was prepared section of the Report. Additionally, and also based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that as a result of FCC implementing the procedures described in section How the Report was prepared of the Report, any material issues have been omitted as applies to the principles of inclusivity, materiality and responsiveness as included in the AA1000 AccountAbility Principles Standard 2008.

Under separate cover, we will provide FCC management with an internal report outlining our complete findings and areas for improvement. Without prejudice to our conclusions presented above, we present some of the key observations and areas for improvement below:

In relation to the INCLUSIVITY principle

During 2010, FCC held a series of consultations with external stakeholders to identify issues relevant to the company. Furthermore, during 2011, as part of the development of its 2011-2014 Corporate Social Responsibility Master Plan and the definition of the action lines, interviews were carried out with each of the responsible units involved in the plan. In this sense, it is recommended that FCC continues working on establishing formal communication channels in order to ensure taking into account the opinion of FCC's various stakeholder groups on a regular and homogeneous basis.

In relation to the MATERIALITY principle

In the process of defining the action lines that form part of the aforementioned 2011-2014 CSR Master Plan, the issues that are most relevant for the company and hence, requiring greater attention by the Group, have been identified. To ensure the development of these priorities adopted for the attainment and progress of the Master Plan, it is recommended that FCC continues working on the formalization of the processes used to update and prioritize relevant issues.

In relation to the RESPONSIVENESS principle

The action lines of the Master Plan have been developed in order to respond to the challenges demanded by the company's key stakeholders, identified within its CSR strategy. In this sense, it is recommended that FCC advances in the development of formal and bidirectional communication tools that will allow to determine the degree of stakeholder satisfaction with the defined lines of action.

KPMG Asesores, S.L.

(Signed)

José Luis Blasco Vázquez

11 May 2012

