

Madrid, 01 October 2014

**Subject: Progress Report and renewal of the commitment with Global Compact's Ten Principles.**

It is my pleasure to **renew the commitment of FCC Construcción with the UN Global Compact's Principles** for yet another year since 2004, providing you with our Progress Report, and to clearly indicate our willingness to continue applying and promoting the principles enacted, as reflected in the 2013-2014 Sustainability Report.

The **2013-2014 Sustainability Report**, that has attained universal consensus in accordance with the new GRI G4 Guidelines, is prepared from a materiality criterion, mainly focusing on those relevant aspects regarding the way in which we manage human rights, labour standards, the environment and anti-corruption. Under the premise that all businesses have associated risks, Risk and Opportunity Management is systematically consolidated in FCC Construction and endeavours to identify, evaluate and control risks throughout all phases of the project.

The deconsolidation of ALPINE from the FCC Construction balance sheet, the reduced investment in construction and the inevitable staff reduction to adapt our structure to real demand represent painful episodes in our recent history, albeit necessary to build a future in a global environment in which the integration of the three sustainability pillars should be an axiom of our corporate management.

The condition of the construction sector has mandated changes in the model, scenario and rules of the game. In fact, FCC Construcción currently operates in 35 countries, and 62% of its portfolio is outside Spain. The award of major contracts abroad, such as the Riad metro in Saudi Arabia, the Açu Port in Brazil, the Mersey Gateway project in England or the Port of Callao in Peru are in line with the new 2013-2015 Strategic Plan, that advocates a concentration of efforts in strategic businesses and the promotion of international presence in the most stable and profitable regions, making it essential to continue reaffirming the Global Compact Principles, particularly in these new areas.

The internationalisation strategy has likewise had a marked influence on the management processes of the company and its staff, which have had to adapt to a new reality. Therefore, some of the novelties of FCC Construcción in 2013 include the start-up of the PETRA programme for international works, with special attention given to technical

monitoring in contract and claims management, as well as compliance with planning and the attainment of Management and Sustainability System certification with global reach, in accordance with ISO 9001 and ISO 14001, for the various countries in which the company operates.

We continue to make a strong wager for training, and provided our employees with over 100,000 hours in 2013, maintaining figures similar to those of past years in spite of staff cutbacks. Following the agreement for collaboration signed with the University of Cantabria in 2012, the first year of the "Master Degree Programme in Construction Sciences" took place in 2013.

In terms of social dialogue, in 2013 FCC organised Week I on disability and socio-labour integration with Adecco and the ONCE Foundation, and has included the new campaign against gender-related violence launched by the Ministry of Health, Social Services and Equality. Likewise noteworthy is the participation by FCC employees in the 2nd Reforestation Day with WWF-SPAIN and the appointment of FCC Citizen Services as the official European Partner on the "Working Together for Risk Prevention" campaign.

FCC Construcción also contributes to the extension of integrity and sustainability principles throughout its entire value chain, applying the FCC Citizen Services framework for ethical conduct. As a result, all contracts signed with suppliers and subcontractors in 2013 contain a clause requiring familiarisation with and respect for the Code of Ethics and another regarding obligatory compliance with the 10 Principles of the UN Global Compact.

In 2013 we expanded the monitoring of compliance with the environmental objective to all those countries in which we are active, so that all works plan and adopt proper environmental policies beyond strict compliance with legislation in force. For further information on the actions aimed at the efficient use of resources, protection and preservation of the environment and the fight against climate change, the 2013 Environmental Report prepared last year is available for consultation.

In 2011, after having been the first construction company to have its GHG inventory verified by an independent third-party source and, as of 2012, the AENOR "Verified CO2 Environment" Carbon Footprint Certificate proving that the company has included GHG management in its System, throughout 2013 FCC Construcción has participated in the preparation of the FCC Group Climate Change Strategy, making it common corporate policy for all business areas. Furthermore, conscious of the fact that while over 90% of our emissions are a result of company activities, but produced in outside sources, work has been undertaken to broaden the quantification and verification of Scope 3 emissions from the inventory of Greenhouse Gases.

The performance of FCC Construcción in 2013 merited several awards and distinctions in the various countries in which we operate. The most significant of these awards, that ratify the company's efforts, include the "Green Apple Award", the "Building Better Healthcare Award" and "Engineering News Record's Best Global Project Awards" for the Enniskillen Hospital in Northern Ireland, the award from the American Segmental Bridge Institute to the Vidin-Calafat Bridge in Bulgaria-Romania, the "Latin America Business Council" award for FCC expansion in Latin America, the "True Commitment to Sustainability" award from the Institute for Sustainable Tourism for the contribution by FCC Construcción toward sustainable development or the "Zero Accidents" award from the CLH Group to FCC Industrial.

The result of the materiality analysis, together with our main interest groups and its connection to the sustainability strategy of our company, has allowed us to redefine our **challenges, objectives and opportunities**.

Within the *economic context*, it is essential to reduce expenses in accordance with the activity level, to ensure operative and financial sustainability and centre the international activity on countries and projects that showcase our competitive advantages.

The fact that we have become an international company with multiple locations, new stakeholders and employees of different nationalities makes it necessary to consolidate the implementation of our Management and Sustainability System, certified in 2013 with an international scope. In order to, in turn, make this highly diverse setting an inclusive environment, one of the primary objectives for 2013 is the online and multilingual adaptation of the CACUMEN tool, which will make it possible to broaden the perimeter for data collection and improve their quality.

Within the *environmental and social strategy* of the organisation, a series of challenges have emerged aimed at improving our policies, guidelines and procedures, to further align them with recognised international standards such as the IFC Performance Standards, Equator Principles or the Global Reporting Initiative. Among these, worthy of mention are the implementation of a metric to evaluate social and environmental sustainability in new tenders, the modification of supplier evaluation to include social and human rights criteria, or the drafting of Basic Guidelines for on-site actions with regard to the preservation and management of biodiversity, the interaction with local communities and the management of cultural heritage.

FCC Construcción deems the preparation of its employees for work in a global scenario of paramount importance, as well as the increased ratio of local staff vs. expatriots, thus improving the social and economic fabric of the communities in which we are present. Other challenges to which the company is committed include the establishment of

an "Eco-City Tendencies" sustainability observatory, in collaboration with Public Universities, to detect social perceptions and the needs demanded by society in future cities, the attainment of relevant R+D+I in the M2020 Framework Programme and the strengthening of quality and efficient training, adapted to the needs of each job.

Thus, through our renewed commitment to the Ten Principles of the UN Global Compact, and from the values of FCC Construcción, we endeavour to make a positive impact on our environment for generations to come, contributing toward value creation as a company that is responsible for and committed to all parties concerned.

Sincerely,

  
Miguel Jurado Fernández