

Madrid, 10 September, 2018

**Subject: Progress Report and renewal of the commitment to the Ten Principles of the United Nations Global Compact.**

A year on, with the presentation of this Progress Report, I am proud to **announce FCC Construcción's renewed commitment to the Ten Principles of the United Nations Global Compact** and to its implementation and promotion, according to the terms of the 2017-2018 Sustainability Report.

The 2017-2018 Sustainability Report highlights relevant facts associated with how we managed human rights, labour standards, matters related to the environment and the fight against corruption during 2017. Based on the 2015-2016 Sustainability Report, it is structured using the UN's Sustainable Development Goals (SDG) and in compliance with the GRI standards, under the Comprehensive option. This report was prepared using materiality criteria, focusing on the subjects the organisation finds most relevant, contributing to the achievement of the SDGs and making an impact on the decisions made by our main stakeholders.

We are presently facing important environmental, social, economic and geopolitical challenges. In this scenario the participation and collaboration between the private sector, Public Administrations, society and other stakeholders are necessary, and we must work hand-in-hand on a common agenda: the Sustainable Development Goals (SDGs), adopted by FCC Construcción as the guidelines for managing impacts and the contribution to local and environmental development.

If we translate these corporate goals, which are in line with the Global Agenda for Sustainable Development, into the activities carried out by FCC Construcción, we can affirm that we are working with a focus on the responsible use of resources, seeking to maximise efficiency and efficacy, innovating in processes, using new technologies and applying production models advocated by the circular economy.

The internationalisation and present and future development of our company in countries with a high growth potential is a challenge we are facing with the best tools and with highly-skilled professionals, allowing us to operate in complex and multi-cultural international environments. With a turnover of €1,682 million in 2017 and presence in 25 countries, 63% of our activity is abroad. This is proof of our commitment to the Principles of the Global Compact, especially in new regions, an approach we have used for more than ten years.

Our international activity already represents more than half of our turnover, which shows that we have managed to adapt the organisation's processes to different circumstances of our international operations. We are required to define the context of the organisation and learn about the needs and expectations of our stakeholders as accurately as possible in such a changing environment, as well to define the risks and opportunities associated with both concepts. To this

end, we have participated as an active member of more than 40 work groups associated with sustainable construction, the environment and innovation during 2017, investing over €3.3 million.

Other noteworthy milestones of the year include reviewing the context of the organisation to establish risks and actions, with the creation of form "369 Environmental and social risks. Action Plan", through which construction sites can determine the environmental impacts and associated risks; establishing how the 2017-2020 Management Goals of FCC Construcción's Management and Sustainability System are associated with the SDGs; the definition of the formal grievance mechanism associated with social and environmental impacts, labour practices and/or human rights, as established in procedure "PR-FCC-400 Relations with stakeholders", and FCC Construcción becoming a signatory of the Circular Economy Accord proposed by the Spanish Ministry of the Environment and applied to the construction sector.

After implementing a series of organisational measures, the FCC Construcción staff tallied 7,907 employees worldwide at the end of 2017.

Regarding social dialogue and the relations with local communities and society as a whole, FCC Construcción's business strategy across social lines includes numerous aspects and initiatives to contribute to the economic and social development of communities. The company has contributed to social inclusion and access to basic services through infrastructure construction projects in developing regions and collaborations with learning institutions to bolster training and education. FCC Construcción measures this positive social impact by assessing its contribution to improving the social conditions for people, environmental protection and promotion of the infrastructures of the local communities with whom the company has a relationship. Examples of our engagements in this regard include projects for the Riyadh Metro, Sections I and II of the Corredor de las Playas in Panama and the Lima Metro in Peru.

Our social responsibility and commitment to society are what drive us to continue to make progress in all areas related to protecting the environment, with a focus on seeking for excellence. We have thus adapted our Management and Sustainability system to meet the requirements of the new ISO international quality and environmental standards.

FCC Construcción is aware of the importance of structuring its activities and continues to apply the Best Practices® methodology across the countries in which it operates, which improves its social and environmental performance.

FCC Construcción has received different awards and recognitions during 2017 in the countries in which it operates. Some of the most important include the "2017 Best Public Works" award for the construction of the Wanda Metropolitano stadium in Madrid; construction of the Building of the Professional Association of Civil Engineers; obtaining the Advanced Level (UN Global Compact) for the report "Communication on progress"; the New Civil Engineer Tunnelling Award for the execution of the Tunnels of Bolaños; the Mersey Bridge (United Kingdom) received the Stakeholder Engagement Award from the CIEEM (Chartered Institute of Ecology and Environmental Management); the Occupational Health and Safety Award given to FCC Industrial by Asepeyo and the Autonomous Community of Madrid; the "2017 Germán Ignacio Gómez Pinilla National Environmental Award" for the Hydraulic Adaptation and Environmental Recovery project

in Bogota river (Colombia); the award for the company's work in Line 9 of the Metro, section University Area-T1 Airport of Barcelona; the award in the Technological Innovation category for the Las Cañas-Liberia motorway project (Costa Rica) in the Cemex Works Awards; national award in the European Business Awards given to FCC Industrial in the Environment and Corporate Sustainability category; likewise, Matinsa received a management excellence award for its work in the health and safety area and reduction of accident rates from Asepeyo and the Autonomous Community of Madrid.

The analysis of management practices and of the main results, together with the concerns of our main stakeholders, were the main elements that were taken into account to define the new goals and challenges, with the aim of creating a more sustainable future.

Likewise, other management areas are integrating the SDGs in the CSR policies and strategies of FCC Construcción, analysing all potential risks, with the purpose of increasing the financial margins and cutting losses. One of the most important and critical milestones of 2017 was the update and dissemination of the Code of Ethics of FCC Group.

The main challenges posed in relation to the company's environmental performance include raising worker and supplier/subcontractor awareness, expanding the inventory of Greenhouse Gases at the global level and assessing the emission inventory of the company as a whole, while establishing corporate strategies to combat climate change and including circular economy criteria in the company's processes.

We need to look to research and development to make even greater progress in responsible and efficient performance practices, in line with the commitment to innovation and to the promotion of sustainable construction practices. In particular, some of the work lines entail our development and involvement in the BIM concept, in response to the needs for greater efficiency, profitability and sustainability in construction processes, by incorporating the general principles of sustainable construction for technological, social, environmental and economic facets, as we have been making in major projects such as the Riyadh metro, Mexico airport or Lima metro; or the implementation of a sustainable performance assessment method for civil engineering; or the commitment to assessing our carbon footprint and publishing information on a yearly basis.

Regarding our professional development and social goals, the company has directed its efforts to improve international mobility processes, attract and retain young talent, bolster training, and promote professional development and internal promotion as an essential cornerstone of its strategy.

We continue to work on our current Equality Plan through peer tracking units comprising company and trade union representation, and drawing up the new Plan, which will include more thorough monitoring and set new specific and more ambitious targets, thus reconfirming the company's resolve in the fight for equality.

During the coming years, we want to continue providing a response to the challenges that the Sustainable Development Goals pose, moving forward in the work lines and commitments

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Chief Executive Officer of the FCC Group

assumed through the FCC Group's Master Sustainability Plan to contribute to creating prosperity, caring for people and protecting our planet.

Therefore, with our renewed commitment to the Ten Principles of the United Nations Global Compact and in the belief that the Sustainable Development Goals of the 2030 Agenda must act as the catalyst in our business strategy, we continue to act with responsibility and to demonstrate with our actions our positive influence in creating a more sustainable future for the coming generations.

Yours sincerely,

**Pablo Colio Abril**  
General Manager of FCC Construcción  
Chief Executive Officer of the FCC Group