

Madrid, 10 September, 2019

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

With this update of the 2017-2018 Sustainability Report, FCC Construcción continues to demonstrate its firm commitment to sustainable development in all of its activities, implementing and promoting **the Principles of the United Nations Global Compact** on matters related to human rights, labour, environment and anti-corruption, as the company has been doing for the last 14 years.

Based on the 2017-2018 Sustainability Report, which reflects how FCC Construcción adopts the United Nations 2030 Agenda and its Sustainable Development Goals (SDGs) as the guidelines to manage business risks and opportunities, the **2018 update of the Sustainability Report** highlights the main milestones of the year, in response to the challenges we face today, and always focusing on making a contribution to the local development of the communities in which our projects are developed.

The partnerships established to achieve the **Sustainable Development Goals** are always created as collaborative relationships between partners in the private sector, public administrations, society and other stakeholders. FCC Construcción believes that any process that leads to the improvement of these relationships constitutes an important step forward in the achievement of these goals. Therefore, we want to continue working to align these efforts with the Global Sustainability Agenda and with the main international agreements, so that we can all speak a common language that generates win-win relationships.

The internationalisation of our company and the execution of works in markets with a high growth potential are challenges that we are currently addressing to carry out our activities in multicultural and complex international environments with the best guarantees. With a turnover of 1,655 million euros in 2018, coming 63% of it from the company's international activity, FCC Construcción is committed to adapting the organisation's processes to a global environment and preparing its professionals to face these new scenarios, based on the main stakeholder expectations. To this end, we have participated during 2018 as an active member of more than 45 working groups that address issues of relevance related with sustainable construction, environment and innovation, and we have invest over 2 million euros in R&D.

Innovation is a cornerstone in our path. Specifically, the BIM methodology, which represents a clear improvement in the efficiency, quality, profitability and sustainability of construction processes, and which shall transform many of our future projects. Therefore, the Technical Services of FCC Construcción have created a department for coordinating the implementation of this methodology across the company and have revised the documentation of the Sustainability Management System to adapt it to the BIM concept. Likewise, several R&D projects, such as "BIMCHECK" or "ROBIM", deal with the BIM model.

2018 has been an important turning point for the company, due to the increase in the number of contracts awarded, the return to ordinary shareholder remuneration or the growth of the company's staff. Economic recovery has come hand in hand with the ratification of our principles of integrity, professionalism and transparency, which are reflected in the new Code of Ethics and Conduct approved in 2018 and which materialises our firm commitment to comply with laws, regulations, contracts, procedures and ethical principles.

Aware of the fact that our decisions and actions have long-term impact on the environment, we take into account the different life cycle stages in environmental planning procedures. Likewise, we continue to apply the Good Practices® methodology in the worksites of the group in the countries in which we operate. In 2018 we have identified the environmental risks and opportunities of 98% of FCC Construcción's worksites and premises.

The FCC Construcción Climate Change Strategy was approved and published throughout the past year, aimed at contributing to meet the commitments established in the Paris Agreement. The company's staff has been trained on this strategy and on the methodology for quantifying the organisation's Greenhouse Gas emissions.

Regarding communications and the relationship with different stakeholders, FCC Construcción's business strategy includes numerous aspects and initiatives to contribute to the economic and social development of local communities and society as a whole. For example, in 2018, the company has mainly hired local suppliers, it has improved the websites of FCC Construcción and FCC Industrial and it has participated in a large number of knowledge transfer events. It is also worth highlighting the high rating given by our clients to the professional capacity of the work teams and the social initiatives of our projects with benefits for the local communities. Examples of these actions are the Riyadh metro project in Saudi Arabia, the Lima metro project in Peru or the Chinamos-El Ayote highway in Nicaragua.

This would not have been possible without the team of professionals that make up FCC Construcción and that, after a few difficult years, has grown to 9,309 people in 2018. One of the goals of the company in this period has been to strengthen the confidence of workers, with a commitment to talent retention, improving internal mobility, increasing the average number hours of training per worker, integrating disabled people into the workforce and promoting equal opportunities and professional development for women.

In 2018, we renewed the "Business Equality" and "Family Plan" badge. This Plan helps employees' children with disabilities to develop their skills and abilities so that, in the short, medium or long term, they can find a job and improve their life quality. These plans have already been in place for ten years. Likewise, the effectiveness of the Best Practices associated with occupational health and safety has been demonstrated by the high number of hours without accidents with time lost at the construction sites of the Riyadh metro project or in the assembly activity of Megaplas signs and panels, among others.

FCC Construcción is a global benchmark in the execution of large-scale and complex infrastructures. As such, a large number of its projects received awards and recognitions in 2018, including the Almonte Viaduct (Spain), which received an award for the best infrastructure and best global project from the American Concrete Institute; an award as an outstanding concrete structure from the International Federation for Structural Concrete; and an award for being the best structure in its category from the International Association for Bridge and Structural Engineering. Likewise, Mersey Bridge (United Kingdom) received an award for the best project from ENR Global Bests Project, RICS North West and Concrete Society and the Wanda Metropolitano Stadium (Spain) was recognised in the Industry Awards as the best stadium of the year.

We have made good progress, but we will continue to address the challenges of the Sustainable Development Goals, by contributing to create prosperity, to care for people and protect our planet. For this reason, we wish to establish new **goals and working approaches**, aligned with the Sustainability Master Plan of the FCC Group. Aimed at integrating the ESG factors (environmental, social and governance) into the decision-making processes of FCC Construcción, our main future challenges will be organised in the following three dimensions:

- From an *environmental perspective*, the purpose is to raise awareness on environmental-related matters, both of our own workers and of suppliers and subcontractors, extend the verification of the GHG inventory to all countries in which FCC Construcción is located, establish strategies for the company's adaptation to the latest climate change regulations, and incorporate new circular economy criteria to the company's processes.
- Regarding the *social context*, the main challenges of the organisation are to strengthen and stabilise the workforce, hiring the top professionals, increase online training, promote BIM training, disseminate a business culture committed to equal opportunities, certify the Health and Safety Management System according to ISO 45001, continue promoting our presence in social networks, initiate the supplier approval process, improve knowledge management and develop a Collaborative Business Relationship Management System that is certified according to ISO 44001.
- In relation to *governance* and the organisation's *economic context*, FCC Construcción aims to continue making progress with its international expansion and strengthen its presence in consolidated markets, while improving its cost optimisation processes, implementing SDG monitoring mechanisms, promoting innovation projects related to the digital transformation of the company, the adoption of new technologies, health and safety or the circular economy, conduct risk analyses at different stages of the project, provide training in relation to the Code of Ethics and Conduct to all personnel and approve the Human Rights Policy of the FCC Group.

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

We know that the projects we design and build today will endure over time and that they will have an important influence on the territorial relation system of different regions. Therefore, it is crucial to act responsibly today with the aim of creating a more sustainable future, based on prosperous, fair, low carbon and eco-efficient economies. To achieve this, we need to establish strong partnerships among all of us; can you help us build a better future?

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