

Madrid, 6 September 2021

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

In a post-COVID context, in which society is striving to bring about a recovery, the need not to slide back into certain forms of behaviour from prior to the outbreak of COVID-19 has become quite apparent. We must make new and greater efforts to continue incorporating environmental, social and corporate governance criteria within our business strategy, and to continue implementing and promoting **the UN Global Compact Principles** in the field of human rights, labour, environment and anti-corruption. This commitment of FCC Construcción is reaffirmed in the current update of the 2019-2020 Sustainability Report.

Based on the 2019-2020 Sustainability Report, which indicates how FCC Construcción adopts the UN 2030 Agenda and its Sustainable Development Goals (SDGs) as an operational guide in managing its activities, along with business risks and opportunities, the **2020 update of the Sustainability Report** highlights the key milestones of the year in response to the current challenges, at all times with the focus on contributing to the local development of the communities where our projects are undertaken.

COVID has triggered a social and health crisis demanding the creation of public-private partnerships to combat and limit its impact. At FCC Construcción we have likewise contributed to these efforts, maintaining essential activities, continuing to undertake vital construction works and projects, embarking on a range of charitable initiatives in support of the local communities where we operate, and supporting those groups hit hardest by the health crisis. The clearest example of this in 2020 would be the relationships that have arisen because of COVID-19. We believe it is essential to foster the development of collaborative business relationships in all spheres: between the private sector, public authorities, society and other stakeholders, enabling us to build partnerships and achieve the strategic goals of our company, but also those of society as a whole.

In the year in which we celebrated FCC Construcción's 120th anniversary, we won such major international contracts as the design and construction of the E-6 Ulsberg-Vindasliene motorway (Norway), the design, construction and maintenance of section 2 of the Maya Train railway (Mexico), the expansion of the A465 highway in Wales, and the design and construction of a new hospital in Jersey (United Kingdom), closing the financial year with a turnover of 1.611 billion euros. Nevertheless, there was an increase in the revenue derived from domestic activity compared with previous years, making us the fourth-largest construction firm in Spain in terms of procurement volume, and the world's 36th-ranked construction firm by international activity (ENR Top 250 International Contractors list).

Aware that innovation must be the driver for improvement and the key element in achieving our goals, FCC Construcción maintains its commitment to innovation and the incorporation of the latest technological advances, such as expanding the scope of BIM methodology across a

broader spectrum at the company, underpinning this strategy and on-site implementation through specific projects in partnership with specialist firms. Several R&D projects are also being undertaken in this sphere, such as “ROBIM”, “ONLYBIM” and “SAFETY4D”. Another of the company's priority focuses is sustainable construction, resulting in active participation during 2020 on more than 45 working groups related with sustainable construction, environment and innovation, an area to which 27% of the organisation's R&D investment has been dedicated.

This year has been a turning point in people management: the 7,323 employee of FCC Construcción made efforts to adapt to be able to work in a disruptive environment, adjusting their processes, forms of communication and working tools, in line with a new reality. The creation of the you_ brand in human resource management, the launch of the FCC360 mobile app for employees, and a commitment to horizontal skills-based management, all helped to underpin the confidence of workers during such a difficult time, with the company keeping them informed of its commitment to equality and diversity, a healthy lifestyle and professional development.

Faced with the challenge of this new scenario, FCC Construcción has set up its corporate virtual training platform, "CAMPUS FCC", replaced in-person courses with an interactive virtual classroom, and maintained its commitment to the digital transformation of technical courses in HTML5 format. As a result, despite the circumstances the average number of hours of training per worker was higher than in previous years.

In 2020 we signed the 3rd FCC Construcción Equality Plan, published a report on good practices to address COVID-19 with the most significant measures adopted at our workplaces, and continued to report on good practices connected with health and safety in the workplace, helping to improve the organisation's accident rates.

Aware that our decisions and actions have long-term environmental repercussions, FCC Construcción is actively engaged in minimising its environmental impact and transitioning to a low-carbon economy. To this end we have continued the widespread application of our *Good Practices*[®] methodology at construction sites across the countries where we are located, and in 2020 we have conducted energy audits at forty FCC Construcción sites and premises in Spain, while also identifying environmental risks and opportunities at 99% of FCC Construcción locations.

At FCC Construcción we now see the circular economy as a fundamental strategy in minimising the environmental impacts of our activity. Aside from being the first construction company, through FCC Industrial, to receive AENOR Zero Waste certification of our waste management traceability system, we continue to promote digital transformation so as to optimise resource consumption at the early stages of our projects. As demonstrated by the reuse of more than two million cubic metres of soil and clean surplus rubble from construction projects in 2020.

As part of our action to combat climate change, in 2010 we were the first Spanish construction company to have its GHG emissions report verified by an accredited external company, and 10 years later we have managed to extend the scope of activity verified under standard ISO 14064-1 to 100% of those countries where FCC Construcción is present, thereby fulfilling the organisation's strategy, and our contribution to SDG 13: Climate Action. In 2020 we

also reduced our consumption of energy and construction materials compared with 2019 and boosted employee training in climate change and environmental sustainability topics.

Regarding relations with our stakeholders, the FCC Construcción business strategy includes several aspects and initiatives contributing to the economic and social development of local communities and society. In 2020, for example, a local communication policy was implemented to focus on the communities where we operate, campaigns were conducted because of the crisis caused by COVID-19, the supplier management procedure was updated, defining one single methodology for the FCC Group supplier approval process, and knowledge transfer was further enhanced by staging internal training days and taking part at external showcase events. It is also important to emphasise the high level of customer satisfaction in the final construction works-completion surveys, with the performance of FCC Construcción and its companies rated as "Very Good" in 89% of the surveys received in 2020, along with social initiatives undertaken to ensure that local communities benefit from our construction projects.

Integrity and transparency are two of FCC Construcción's core values, as reflected in the Code of Ethics and Conduct of FCC Group, setting out our demands in terms of legal, regulatory, contractual and procedural compliance and ethical principles. The FCC Group has a Compliance Model in place to prevent any conduct which could constitute a criminal offence, the revision of which began in 2018. The most significant actions taken in 2020 regarding the compliance model were the review and update of the criminal risk map, targeting risk assessment after the impact of COVID-19, along with the approval of the "Third Party Compliance Due Diligence Procedure" and the "Sponsorship, Collaboration and Donations Management and Oversight Procedure". In order to encourage employees to act in accordance with the company's ethical principles, ongoing training is conducted related with the Code of Ethics and Conduct, workplace harassment, anti-corruption, human rights and other aspects.

FCC Construcción is a world leader in the execution of large and complex infrastructure projects. As demonstrated by the awards and accolades garnered in 2020 by the projects we have undertaken, including the Mersey Gateway Bridge (United Kingdom), which received the Best Engineering or Construction Project Award from the Madrid Regional Office of the Association of Highways, Canals and Ports Engineers, as well as Best Infrastructure Project and Best Re-use of Materials at the 2020 Brownfield Awards. Similarly, Line 2 of the Panama Metro project (Panama), the improved access routes into the city of Iquique (Chile) and the desalination plant (El Alamein) received "2020 Global Best Projects" awards from the international journal ENR as the best railway, highway and water projects, respectively. Notable awards received in Spain include the urban development and access routes to the Wanda Metropolitano stadium, the Congosto de Isuela-Arguis section of the A-23 Mudéjar Motorway, and the Vallirana Bypass.

Despite the problems faced in 2020, we never stopped working, and continued to build sustainable infrastructure, committed to innovation and the transition towards a low-carbon economy, while helping to create wealth and develop the socio-economic fabric of local communities in the vicinity of our construction projects. This, though, is the decade for action: we have scarcely 10 years left to achieve the Sustainable Development Goals by 2030. Our aim is for 2020 to serve as a turning point, speeding up the implementation of sustainable solutions

targeting key global issues, for which FCC Construcción has set itself the following **future challenges** across the three main dimensions of sustainability:

- From the *environmental* perspective, it is vital to analyse the criteria set out in the European Green Deal, which will help us to structure our company's environmental strategy in accordance. We likewise aim to set out a plan to achieve climate neutrality by 2050, and to innovate in materials, technologies, processes and construction methods that are more efficient and entail a smaller carbon footprint in the projects we undertake, while also generating less waste, facilitating a circular economy approach.
- With regard to the *social dimension*, the main challenges facing FCC Construcción are to motivate its workforce so as to have the very best professionals, to increase online training, expand BIM training, increase the presence of women on the workforce, continue to promote a risk prevention culture at the company, and reinforce the information provided to subcontractors as to health and safety risks, digitalise communication actions, manage increases in the cost of raw materials with the various manufacturers, develop a new organisation-wide documentation management system offering simpler consultation and participation for users, while also continuing to develop actions and initiatives to engage local communities in the company's activities.
- As for *governance* and the *economic context*, the organisation aims to expand its project portfolio in strategic regions, work to consolidate the post-pandemic economic and social recovery, continue to progress in the company's digital transformation, align FCC Construcción's economic activities with the European Union's classification of sustainable finance, successfully certify the R&D Management system under standard UNE 166002 at MATINSA and FCC Industrial, promote innovation projects connected with society's challenges and the strengthening of technological and industrial capacities, continue to deliver training in the field of compliance and the Code of Ethics and Conduct, and certify the FCC Group's compliance management system.

There is no doubt that our present needs demand sustainable solutions aligned with the 2030 Agenda and the European Green Deal. At FCC Construcción we will therefore continue our efforts to ensure that the projects we design and build are capable of offering a comprehensive response to the challenges faced by society, such as a low-carbon economy, the establishment of collaborative business relationships, circularity of materials, digital transformation of production processes, the prosperity of local communities and increased funding for projects with greater environmental and social potential.

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