

ANNUAL CORPORATE GOVERNANCE REPORT

LISTED COMPANIES

ISSUER IDENTIFICATION

END OF FISCAL YEAR: 31/12/2012

TAX ID. A-28037224

Name: FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES FORM

In order to better understand the form and how it should be completed, the instructions that are at the end of this report on how to fill it in should be read

A - OWNERSHIP STRUCTURE

A.1. Complete the table below on the Company's share structure:

Date of last change	Share capital (€)	Number of shares	Number of voting rights
30/06/2008	127,303,296	127,303,296	127,303,296

Indicate whether there are different classes of shares with different associated rights:

NO

A.2. Indicate direct and indirect owners of significant stakes in the entity at year-end, excluding directors:

Name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
HM TREASURY	0	4,330,938	3.402

Name of indirect owner of stake	Through: Name of direct owner of stake	Number of direct voting rights	% of total voting rights
THE ROYAL BANK OF SCOTLAND PLC	THE ROYAL BANK OF SCOTLAND PLC	4,323,586	3.396

Indicate significant changes in the ownership structure during the year:

A.3. Complete the tables below regarding the members of the Company's Board of Directors who own shares with voting rights in the Company:

Name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
Mr BALDOMERO FALCONES JAQUOTOT (SEE NOTE)	48,473	85,150	0.105
B-1998, S.L. (1)	59,871,785	8,653,815	53.829
DOMINUM DESGA, S.A.	4,132	0	0.003
Mr ANTONIO PÉREZ COLMENERO	35,323	0	0.028
CARTERA DEVA, S.A.	100	0	0.000
DOMINUM DIRECCIÓN Y GESTIÓN, S.A.	10	0	0.000
EAC INVERSIONES CORPORATIVAS, S.L.	32	0	0.000
Mr FERNANDO FALCÓ FERNÁNDEZ DE CÓRDOVA	35,677	0	0.028
Mr GONZALO ANES Y ÁLVAREZ DE CASTRILLÓN	11,350	0	0.009
Mr JAVIER RIBAS	8,000	0	0.006
Mr JUAN CASTELLS MASANA	17,509	8,100	0.020
LARRANZA XXI, S.L.	10	0	0.000
Mr MARCELINO OREJA AGUIRRE	14,000	0	0.011
Mr RAFAEL MONTES SÁNCHEZ	98,903	20,697	0.094
Mr FELIPE BERNABÉ GARCÍA PÉREZ	55,571	0	0.044

Name of indirect owner of stake	Through: Name of direct owner of stake	Number of direct voting rights	% of total voting rights
Mr BALDOMERO FALCONES JAQUOTOT	ORAVLA INVERSIONES S.L.	73,650	0.058
Mr BALDOMERO FALCONES	AMOLAP INVERSIONES SICAV S.A.	11,500	0.009
B 1998 S.L.	AZATE S.A.	8,653,815	6.798
Mr RAFAEL MONTES SÁNCHEZ	Ms JOSEFA FERNÁNDEZ MAYO	20,697	0.016
Mr JUAN CASTELLS MASANA	Ms HEATHER M.RANDALL SNELL	8,100	0.006

Total percentage of voting rights held by the Board of Directors	54.177
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Complete the tables below regarding the members of the Company's Board of Directors who own shares with voting rights in the Company:

Name of Director	Number of direct option rights	Number of indirect option rights	Number of equivalent shares	% of total voting rights
Mr BALDOMERO FALCONES JAQUOTOT	95,000	0	95,000	0.075
Mr FELIPE BERNABÉ GARCÍA PÉREZ	72,500	0	72,500	0.057
Mr ANTONIO PÉREZ COLMENERO	72,500	0	72,500	0.057

A.4. Indicate, where appropriate, any family, commercial, contractual or business relationships among owners of significant stakes, insofar as they are known to the Company, unless they are insignificant or are derived from ordinary commercial transactions:

A.5. Indicate, where appropriate, any commercial, contractual or corporate relationships between owners of significant stakes and the Company and/or its group, unless they are insignificant or are derived from ordinary commercial transactions:

A.6. Indicate whether the Company has been notified of any shareholders' agreements which affect the Company as set out in Article 112 of the Spanish Securities Market Act. If so, list the shareholders involved and briefly describe the agreements:

YES

% of share capital affected:

52.483

Brief description:

RELEVANT EVENT OF 30/07/2004 WWW.CNMV.ES (SEE NOTE)

Participants in the shareholders' agreement
MS ESTHER KOPLOWITZ ROMERO DE JUSEU

% of share capital affected:

52.483

Brief description:

RELEVANT EVENT OF 13/01/2005 WWW.CNMV.ES (SEE NOTE)

Participants in the shareholders' agreement
MS ESTHER KOPLOWITZ ROMERO DE JUSEU
MS ESTHER KOPLOWITZ ROMERO DE JUSEU

% of share capital affected:

52.483

Brief description:

RELEVANT EVENT OF 19/07/2007 WWW.CNMV.ES (SEE NOTE)

Participants in the shareholders' agreement
MS ESTHER KOPLOWITZ ROMERO DE JUSEU

% of share capital affected:

52.483

Brief description:

RELEVANT EVENT OF 26/12/2007 WWW.CNMV.ES (SEE NOTE)

Participants in the shareholders' agreement
MS ESTHER KOPLOWITZ ROMERO DE JUSEU

% of share capital affected:

53.829

Brief description:

RELEVANT EVENT OF 26/05/2011 WWW.CNMV.ES (SEE NOTE)

Participants in the shareholders' agreement
MS ESTHER KOPLOWITZ ROMERO DE JUSEU

% of share capital affected:

52.483

Brief description:

RELEVANT EVENT OF 04/02/2008 WWW.CNMV.ES (SEE NOTE)

Participants in the shareholders' agreement
MS ESTHER KOPLOWITZ ROMERO DE JUSEU

Indicate whether the Company is aware of any concerted actions among its shareholders. If so, give a brief description:

NO

If the shareholders' agreements or concerted actions have been amended or terminated in the year, indicate this expressly.

A.7. Indicate if there is an individual or legal entity that exercises or can exercise control over the Company in accordance with Article 4 of the Securities Market Law: If so, name the person.

YES

Name
Mrs ESTHER KOPLOWITZ ROMERO DE JUSEU

Remarks

A.8. Complete the tables below about the Company's treasury shares:

Number of direct shares	Number of indirect shares (*)	% of share capital
3,292,520	9,379,138	9.950

(*) Through:

Name of direct owner of stake	Number of direct shares
ASESORÍA FINANCIERA Y DE GESTIÓN, S.A.	9,379,138

Total:	9,379,138
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Detail the significant changes in the year, in accordance with Royal Decree 1362/2007:

Date of disclosure	Total number of direct shares acquired	Total number of indirect shares acquired	% of share capital
31/01/2012	1,302,444	0	1.023
03/04/2012	1,165,367	0	0.915
18/06/2012	1,297,554	0	1.019
31/08/2012	1,112,141	0	0.874
30/11/2012	1,282,137	0	1.007

Capital gain/ (Capital loss) on own shares disposed of during the period	-2,656
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A.9. Detail the conditions and term of the current authorisation that the Shareholders' Meeting has given to the Board of Directors to buy or sell own shares.

**Resolution by the Extraordinary Shareholders' Meeting of 30 November 2009
(Item 2 on the Agenda)**

Under the provisions of Article 3 et seq. of European Commission Regulation 2273/2003, of 22 December, to approve a Company share buyback programme whose only purpose is (i) to fulfil the obligations deriving from the issuance of exchangeable bonds for a maximum amount of four hundred and fifty million euros (€450,000,000) approved by the Company under the decision by the General Meeting of Shareholders on 18 June 2008 and by virtue of an Executive Committee decision dated 6 October 2009, by delegation of the Board of Directors on 30 September 2009, and (ii) to reduce the Company's capital by amortising the shares acquired by virtue of the programme or those already held as treasury stock (including, for this purpose, the 5,090,000 shares loaned to the Underwriters), which shall henceforth be deemed to be subject to the terms and conditions of the programme approved by the General Meeting of Shareholders. As a result of the foregoing, decision six adopted by the General Meeting of Shareholders on 10 June 2009 is annulled to the extent that it has not been executed and the Company is authorised so that, directly or via any of its subsidiaries and within a maximum period of five years from the date of this Meeting of Shareholders, it may acquire, at any time and on as many occasions as it sees fit, shares of the Company by any means allowed by law, all in conformity with Article 75 and matching Articles of the Consolidated text of the Public Limited Companies Act.

It is also decided to approve the limits or requirements of such acquisitions, as follows:

- The par value of the shares acquired, added to those already held by the Company and its subsidiaries, may not at any time exceed ten per cent of the Company's capital.
- The shares acquired must have been fully paid up.
- The acquisition price may not be less than the par value or more than 20 per cent of the market price.

The shares acquired under the buyback programme shall be used by the Company to fulfil its exchange or conversion obligations arising from the issuance of the Bonds and/or to reduce the Company's capital, as the case may be.

**Resolution of the Ordinary General Meeting of 27 May 2010
(Item 7 on the Agenda)**

Under the provisions of Article 3 *et seq.* of Commission Regulation (EC) No 2273/2003 of 22 December, to approve a programme to buy back shares of the Company whose sole purpose is (i) to meet obligations to deliver shares that arise from the issuance of securities giving entitlement to acquire outstanding shares, or to amortise them in order to limit the dilution of the pre-existing shareholders in case of issuance, while overriding the pre-emptive subscription right, of securities that are convertible into, or give entitlement to subscribe for, newly-issued shares, that may be adopted by the Board of Directors of the Company under the provisions of paragraph A above of this Decision for a maximum of three hundred million euros (€ 300,000,000) (the 'Securities'), and (ii) to reduce the Company's capital by amortising the shares acquired by virtue of the programme or those already held as treasury stock (provided they are not already assigned to preceding share buyback programmes that have not been completed), which will be deemed to be subject to the terms and conditions of the programme approved by the General Meeting of Shareholders.

The Company is authorised so that, directly or via any of its subsidiaries, within a maximum period of five years from the date of this Meeting of Shareholders, it may acquire, at any time and on as many occasions as it sees fit while executing the approved share buyback programme, shares of the Company by any means allowed by law, all in conformity with Article 75 and matching articles of the Consolidated Text of the Public Limited Companies Act.

It is also decided to approve the limits or requirements of such acquisitions, as follows:

- The par value of the shares acquired, added to those already held by the Company and its subsidiaries, may not at any time exceed ten per cent of the Company's capital.
- The shares acquired must have been fully paid up.
- The acquisition price may not be less than the par value or more than 20 per cent of the market price.

The shares acquired under the buyback programme shall be used by the Company to fulfil its obligations to deliver existing shares in connection with the securities issue or to proceed, where appropriate, to reduce the Company's capital so as to limit the dilution of existing shares if the shareholders exercise their right to convert or subscribe the newly issued shares in connection with the Securities issue.

This agreement neither eliminates nor alters the terms and conditions of prior share buyback programmes approved by the Company or authorisations for the derivative acquisition of own stock, which remain in full force. This share buyback programme is compatible with previous programmes in place. However, this programme may only be carried out to the extent that it does not preclude the complete fulfilment of prior share buyback programmes and hence the achievement of the aims for which they were approved.

CLARIFICATION:

A relevant event was reported to the CNMV on 1 July 2011 under number 146731 communicating the suspension of the Share Buyback Programme by the Company under the following terms:

The Share Buyback Programme, which was reported to the CNMV in relevant event number 116937 on 1 December 2009, was intended to fulfil the Company's obligations stemming from the subordinated exchangeable bond issue in October 2009 by amortising a number of a treasury shares with a face value equivalent to the new shares of the Company to be issued to satisfy the exchange requests of bondholders. The fundamental objective of this programme is to avoid the risk of future dilution for current shareholders.

In keeping with the objectives of the Buyback Programme and given the current treasury stock positions and number of shares needed to cover the conversion or swap of the bonds, which at this time is equivalent to 9.11% of the share capital, there is not dilution risk for current shareholders derived from this bond issue.

For the reasons mentioned above, FCC proceeds to cancel the share Buyback Programme and to communicate this fact as a Relevant Event. This suspension shall remain in effect until such time as there is a change in the percentage of share capital indicated above (9.11%) needed to satisfy conversion or swap requirements, accordingly.

Furthermore, on 6 July 2011, a Relevant Event was reported to the CNMV under number 146998, communicating the subscription of a liquidity contract under the following terms:

By resolution of the Board of Directors at the meeting held on 30 June 2011, on 6 July 2011 Fomento de Construcciones y Contratas, S.A. signed a Liquidity Contract pursuant to the terms of Circular 3/2007 of 19 December published by the CNMV with Santander Investment Bolsa, Sociedad de Valores, S.A. This contract is applicable to Spanish stock exchanges and the object of the agreement is to favour trading liquidity and regularity. The term of the Liquidity Contract is twelve months, tacitly renewable for 12-month periods and a total of 95,465 shares and 2 million euros is assigned.

A.10. Indicate any legal or bylaw restrictions on the exercise of voting rights or any legal restrictions on the acquisition or sale of stakes in share capital. Indicate whether there are any legal restrictions on the exercise of voting rights

NO

Maximum percentage of voting rights that a shareholder may exercise under legal restrictions	0
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Indicate whether there are restrictions in the bylaws on the exercise of voting rights:

NO

Maximum percentage of voting rights that a shareholder may exercise under restrictions in the bylaws	0
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Indicate whether there are any restrictions on the acquisition or sale of stakes in share capital:

NO

A.11. Has the General Meeting of Shareholders has resolved to adopt neutralisation measures in the event of a takeover bid as provided in Law 6/2007?

NO

Detail if appropriate, any such methods that have been approved and the terms in which the restrictions will be rendered ineffective:

B – STRUCTURE OF THE COMPANY’S ADMINISTRATION

B.1 Board of Directors

B.1.1 Indicate the maximum and minimum number of directors provided in the bylaws:

Maximum number of directors	22
Minimum number of directors	5

B.1.2 Fill in the table below with the members of the Board:

Name of director	Representative	Board position	Date of first appointment	Date of last appointment	Election procedure
MR BALDOMERO FALCONES JACQUOTOT (SEE NOTE)	-	CHAIRMAN - CEO	18/12/2007	18/06/2008	VOTING AT GENERAL SHAREHOLDERS MEETING
B 1998, S.L.	ESTHER KOPLOWITZ ROMERO DE JUSEU	1 ST VICE-CHAIRPERSON	17/12/1996	31/05/2012	VOTING AT GENERAL SHAREHOLDERS MEETING
DOMINUM DESGA, S.A.	ESTHER ALCOCER KOPLOWITZ	2 ND VICE-CHAIRPERSON	27/09/2000	01/06/2011	VOTING AT GENERAL SHAREHOLDERS MEETING
MR ANTONIO PÉREZ COLMENERO	-	DIRECTOR	30/03/2005	27/05/2010	VOTING AT GENERAL SHAREHOLDERS MEETING
CARTERA DEVA, S.A.	JAIME LLANTADA AGUINAGA	DIRECTOR	15/09/2004	27/05/2010	VOTING AT GENERAL SHAREHOLDERS MEETING
MR CÉSAR ORTEGA GÓMEZ	-	DIRECTOR	28/06/2007	31/05/2012	VOTING AT GENERAL SHAREHOLDERS MEETING
DOMINUM DIRECCIÓN Y GESTIÓN, S.L.	CARMEN ALCOCER KOPLOWITZ	DIRECTOR	26/10/2004	27/05/2010	VOTING AT GENERAL SHAREHOLDERS MEETING
E.A.C. INVERSIONES CORPORATIVAS, S.L.	ALICIA ALCOCER KOPLOWITZ	DIRECTOR	30/03/1999	10/06/2009	VOTING AT GENERAL SHAREHOLDERS MEETING
MR FERNANDO FALCÓ Y FERNÁNDEZ DE CORDOVA	-	DIRECTOR	18/12/2003	27/05/2010	VOTING AT GENERAL SHAREHOLDERS MEETING

MR GONZALO ANES Y ÁLVAREZ DE CASTRILLÓN	-	DIRECTOR	30/06/1991	27/05/2010	VOTING AT GENERAL SHAREHOLDERS MEETING
MR HENRI PROGLIO	-	DIRECTOR	27/05/2010	27/05/2010	VOTING AT GENERAL SHAREHOLDERS MEETING
MR JAVIER RIBAS	-	DIRECTOR	11/06/2009	27/05/2010	VOTING AT GENERAL SHAREHOLDERS MEETING
MR JUAN CASTELLS MASANA	-	DIRECTOR	21/06/2000	27/05/2010	VOTING AT GENERAL SHAREHOLDERS MEETING
LARRANZA XXI, S.L.	LOURDES MARTÍNEZ ZABALA	DIRECTOR	13/01/2005	27/05/2010	VOTING AT GENERAL SHAREHOLDERS MEETING
MR MARCELINO OREJA AGUIRRE	-	DIRECTOR	21/12/1999	27/05/2010	VOTING AT GENERAL SHAREHOLDERS MEETING
MR NICOLAS REDONDO TERREROS	-	DIRECTOR	18/06/2008	18/06/2008	VOTING AT GENERAL SHAREHOLDERS MEETING
MR RAFAEL MONTES SÁNCHEZ	-	DIRECTOR	06/03/1992	10/06/2009	VOTING AT GENERAL SHAREHOLDERS MEETING
MR FELIPE BERNABÉ GARCÍA PÉREZ	-	DEPUTY SECRETARY DIRECTOR	30/03/1999	27/05/2010	VOTING AT GENERAL SHAREHOLDERS MEETING
Total number of directors					18

Indicate any cessations from the Board of Directors in the period:

B.1.3 Fill in the tables below on the members of the Board and their status:

EXECUTIVE DIRECTORS

Name of Director	Committee that proposed the appointment	Position in the Company
MR BALDOMERO FALCONES JAQUOTOT (SEE NOTE)	APPOINTMENTS AND REMUNERATION	CHAIRMAN AND CEO
MR FELIPE BERNABÉ GARCÍA PÉREZ	APPOINTMENTS AND REMUNERATION	SECRETARY GENERAL

Total number of executive directors	2
%, of the Board	11.111

EXTERNAL DIRECTORS REPRESENTING MAJOR SHAREHOLDERS

Name of Director	Committee that proposed the appointment	Name of major shareholder being represented or that proposed the appointment
B 1998, S.L.	APPOINTMENTS AND REMUNERATION	B 1998, S.L.
DOMINUM DESGA, S.A.	APPOINTMENTS AND REMUNERATION	B 1998, S.L.
MR ANTONIO PÉREZ COLMENERO	APPOINTMENTS AND REMUNERATION	B 1998, S.L.
CARTERA DEVA, S.A.	APPOINTMENTS AND REMUNERATION	B 1998, S.L.
DOMINUM DIRECCIÓN Y GESTIÓN, S.L.	APPOINTMENTS AND REMUNERATION	B 1998, S.L.
E.A.C. INVERSIONES CORPORATIVAS, S.L.	APPOINTMENTS AND REMUNERATION	B 1998, S.L.
MR FERNANDO FALCÓ FERNÁNDEZ DE CÓRDOVA	APPOINTMENTS AND REMUNERATION	B 1998, S.L.

MR JUAN CASTELLS MASANA	APPOINTMENTS AND REMUNERATION	B 1998, S.L.
LARRANZA XXI, S.L.	APPOINTMENTS AND REMUNERATION	B 1998, S.L.
MR MARCELINO OREJA AGUIRRE	APPOINTMENTS AND REMUNERATION	B 1998, S.L.
MR RAFAEL MONTES SÁNCHEZ	APPOINTMENTS AND REMUNERATION	B 1998, S.L.

Total number of proprietary directors	11
% of the Board	61.111

EXTERNAL INDEPENDENT DIRECTORS

Name of director

MR CÉSAR ORTEGA GÓMEZ

Profile

GENERAL MANAGER OF BANCO SANTANDER. DEGREE IN ECONOMICS AND BUSINESS AND A MASTER'S DEGREE IN TAX CONSULTANCY STUDIED AT ICADE. STUDIES IN LAW AND PHILOSOPHY. PARTNER AT ARTHUR ANDERSEN ASESORES LEGALES Y TRIBUTARIOS AND GARRIGUES LAW FIRM FOR 12 YEARS. BOARD MEMBER OF GRUPO EMPRESARIAL SANTANDER, S.L., BANCOS LATINOAMERICANOS SANTANDER, S.L., SANTUSA HOLDING, S.L., SANTANDER HOLDING GESTIÓN, S.L. AND SANTANDER INVESTMENT, S.A.

Name of director

MR GONZALO ANES Y ÁLVAREZ DE CASTRILLÓN

Profile

DIRECTOR OF FCC, S.A.; CHAIRMAN OF ITS AUDIT AND CONTROL COMMITTEE AND MEMBER OF ITS APPOINTMENT AND REMUNERATION COMMITTEE. PH.D. IN ECONOMICS STUDIED AT THE UNIVERSITY OF MADRID. PROFESSOR OF HISTORY AND ECONOMIC INSTITUTIONS AT THE SCHOOL OF ECONOMICS OF THE COMPLUTENSE UNIVERSITY OF MADRID. MEMBER OF THE SPANISH ROYAL ACADEMY OF HISTORY, AND DIRECTOR THEREOF SINCE 1998. MEMBER OF THE PRADO MUSEUM BOARD OF TRUSTEES SINCE 1982 AND ITS CHAIRMAN FROM 1986 TO 1990. FORMER DIRECTOR OF THE BANK OF SPAIN AND OF REPSOL-YPF. MARQUIS OF CASTRILLÓN.

Name of director

MR HENRI PROGLIO

Profile

DEGREE FROM THE HEC BUSINESS SCHOOL IN PARIS (1971). CURRENTLY CHAIRMAN AND CEO OF EDF AND MEMBER OF THE BOARD AND THE SUPERVISORY COMMITTEE OF DASSAULT AVIATION, NATIXIS AND CNP INSURANCE.

AMONG OTHER POSITIONS, HE WAS CHAIRMAN OF THE BOARD OF VEOLIA ENVIRONMENT, CHAIRMAN OF THE VIVENDI ENVIRONMENT BUSINESS UNITS: GENERAL WATER AND VIVENDI WATER, CGEA (ONYX: WASTE MANAGEMENT; CONNEX: TRANSPORT) AND DALKIA (ENERGY SERVICES), VICE-CHAIRMAN OF VIVENDI, CHAIRMAN OF GÉNÉRALE DES EAUX, CEO AND MEMBER OF THE BOARD OF VIVENDI WATER, EXECUTIVE VICE-CHAIRMAN OF COMPAGNIE GÉNÉRALE DES EAUX, MEMBER OF THE EXECUTIVE COMMITTEE OF COMPAGNIE GÉNÉRALE DES EAUX. HE HAS ALSO BEEN A SENIOR EXECUTIVE OF COMPAGNIE GÉNÉRALE DES EAUX AND CHAIRMAN AND CEO OF CGEA, A SUBSIDIARY OF COMPAGNIE GÉNÉRALE DES EAUX IN THE FIELDS OF TRANSPORT AND WASTE MANAGEMENT.

HE RECEIVED THE FRENCH LEGION OF HONOUR MEDAL.

Name of director

MR JAVIER RIBAS

Profile

DOCTOR IN INDUSTRIAL ENGINEERING, ENGINEER-ECONOMIST AND DIPLOMA IN OPERATIVE RESEARCH AT THE FRENCH PETROLEUM INSTITUTE (PARÍS). HE WORKED AS AN ENGINEER AT THE FRENCH PETROLEUM COMPANY, HEAD OF RESEARCH AT ESSO FRANCE, DIRECTOR OF THE INDUSTRIAL SECTOR OF THE MADRID FINANCIAL LEAGUE, DEPUTY DIRECTOR GENERAL OF ELECTRONIC DATA SYSTEMS (EDS) SPAIN. CURRENTLY EXECUTIVE VICE-CHAIRMAN OF EDS SPAIN. FORMER MEMBER OF THE BOARD OF TELSON, S.A. AND HIDROCANTÁBRICO, S.A. CURRENTLY A BOARD MEMBER OF INFORSISTEM, S.A. AND HEWLETT-PACKARD/EDS (MEMBER OF THE ADVISORY COMMITTEE).

Name of director

MR NICOLÁS REDONDO TERREROS

Profile

DEGREE IN LAW STUDIED AT DEUSTO UNIVERSITY, CHAIRMAN OF THE FOUNDATION FOR FREEDOM, MEMBER OF THE EDITORIAL BOARD OF THE JOURNAL 'EL ECONOMISTA', OF THE EDITORIAL BOARD OF THE MAGAZINE OF THE LAND REGISTRARS AND ECONOMISTS ASSOCIATIONS OF SPAIN AND OF THE

ADVISORY COMMITTEE OF THE MIDDLE EAST INFORMATION AGENCY. RECIPIENT OF THE 2003 CONSTITUTIONAL MERIT AWARD FROM THE SPANISH GOVERNMENT. HE FORMERLY HELD A POSITION IN THE GOVERNMENT OF THE PROVINCE OF BISCAY, M.P. IN THE BASQUE PARLIAMENT, SECRETARY GENERAL OF THE BASQUE SOCIALIST PARLIAMENTARY GROUP IN VITORIA, SPOKESMAN OF THE SOCIALIST GROUP IN THE GENERAL ASSEMBLY OF BISCAY, AN M.P. REPRESENTING THE HISTORICAL TERRITORY OF BISCAY AND PRESIDENT OF THE BASQUE SOCIALIST PARLIAMENTARY GROUP.

Total number of independent directors	5
% of the Board	27.778

OTHER EXTERNAL DIRECTORS

State why these directors cannot be considered proprietary or independent, and indicate any relations between them and the Company, its executives or shareholders:

Indicate any changes in directors' status in the period:

B.1.4 Explain, if appropriate, the reasons why proprietary directors have been appointed as requested by shareholders whose stake is below 5% of the share capital.

Indicate whether formal requests for a seat on the Board submitted by shareholders whose stake is equal to or higher than that of others who requested and had proprietary directors appointed. Detail the reasons for any such rejections if applicable:

NO

B.1.5 Indicate whether any directors have been removed from office before the end of their appointment, whether they have explained the reasons to the Board and via what means and, if a written explanation was given to the whole Board, explain below the reasons given by that director:

NO

B.1.6. Indicate any powers delegated to the CEO(s), if any:

Name of director

MR BALDOMERO FALCONES JAQUOTOT

Brief description

SEE NOTE

B.1.7 Identify, if appropriate, the members of the Board who hold director is senior executive positions in other companies that are part of the group of the listed company:

Name of director	Name of Group company	Position
MR BALDOMERO FALCONES JAQUOTOT (SEE NOTE)	ALPINE HOLDING GMBH	CHAIRMAN OF SURVEILLANCE COMMITTEE
MR BALDOMERO FALCONES JAQUOTOT (SEE NOTE)	FCC ENERGÍA, S.A. (SOLE CORPORATION)	CHAIRMAN
MR BALDOMERO FALCONES JAQUOTOT (SEE NOTE)	FCC POWER GENERATION, S.L. (SOLE CORPORATION)	CHAIRMAN
CARTERA DEVA, S.A.	CEMENTOS PORTLAND VALDERRIVAS, S.A.	DIRECTOR
E.A.C. INVERSIONES CORPORATIVAS, S.L.	CEMENTOS PORTLAND VALDERRIVAS, S.A.	DIRECTOR
E.A.C. INVERSIONES CORPORATIVAS, S.L.	FCC CONSTRUCCIÓN, S.A.	DIRECTOR
MR FERNANDO FALCÓ Y FERNÁNDEZ DE CÓRDOVA	FCC CONSTRUCCIÓN, S.A.	DIRECTOR
MR FERNANDO FALCÓ Y FERNÁNDEZ DE CÓRDOVA	FCC ENVIRONMENT (UK) LIMITED	DIRECTOR
MR JAVIER RIBAS	ALPINE HOLDING GMBH	DIRECTOR

MR JAVIER RIBAS	FCC ENVIRONMENTAL LLC	DIRECTOR
MR JUAN CASTELLS MASANA	ALPINE HOLDING GMBH	DIRECTOR
MR JUAN CASTELLS MASANA	CEMENTOS PORTLAND VALDERRIVAS, S.A.	DIRECTOR
MR JUAN CASTELLS MASANA	FCC ENVIRONMENT (UK) LIMITED	DIRECTOR
MR RAFAEL MONTES SÁNCHEZ	CEMENTOS PORTLAND VALDERRIVAS, S.A.	DIRECTOR
MR RAFAEL MONTES SÁNCHEZ	FCC CONSTRUCCIÓN, S.A.	DIRECTOR
MR RAFAEL MONTES SÁNCHEZ	ALPINE HOLDING GMBH	DIRECTOR
MR FELIPE BERNABÉ GARCÍA PÉREZ	FCC ENERGÍA, S.A. (SOLE CORPORATION)	DIRECTOR-SECRETARY
MR FELIPE BERNABÉ GARCÍA PÉREZ	FCC ENVIRONMENTAL LLC	DIRECTOR
MR FELIPE BERNABÉ GARCÍA PÉREZ	FCC POWER GENERATION, S.L. (SOLE CORPORATION)	DIRECTOR-SECRETARY

B.1.8 Indicate, if appropriate, the directors of your company who are members of the Board of Directors of other companies listed on official securities exchanges in Spain that are not in your same group of companies, which have been communicated to your company:

Name of director	Name of listed company	Position
E.A.C. INVERSIONES CORPORATIVAS, S.L.	REALIA BUSINESS, S.A.	DIRECTOR
MR JAVIER RIBAS	S.A. DAMM	DIRECTOR
MR RAFAEL MONTES SÁNCHEZ	REALIA BUSINESS, S.A.	DIRECTOR

B.1.9. Indicate whether the Company has established rules about the number of directorships its Board members can hold, and describe any such rules:

YES

Explanation of the rules
Article 24.3 of the Board Regulations establishes that before accepting a senior executive position or office on the Board of another company or entity the Director must first check with the Appointment and Remuneration Committee. Article 22.3 establishes that Directors must report any other professional obligations they may have to the Appointment and Remuneration Committee, in case they might interfere with their dedication to their office, and the Board of Directors, following a proposal from the Appointment and Remuneration Committee, must establish on how many boards the Directors may hold office.

B.1.10 In relation to recommendation number 8 of the Unified Code, state the policies and general strategies that the Board in full session has reserved the right to approve:

Investment and financing policy	YES
Definition of the structure of the group of companies	YES
Corporate governance policy	YES
Corporate social responsibility policy	YES
Strategic or business plan and the annual management and budget objectives	YES
Remuneration policy and assessment of senior management performance	YES

Risk control and management policy and periodical follow-up of internal control and reporting systems	YES
Dividend and treasury share policy, especially its limits	YES

B.1.11 Fill in the tables below in respect of the aggregate remuneration of the directors accrued during the year:

a) At the Company to which this report refers:

Remuneration item	In thousand euros
Fixed remuneration	3,445
Variable remuneration	450
Per diem allowance	0
Considerations in the bylaws	699
Share options and/or other financial instruments	0
Other	0

Total	4,594
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Other benefits	In thousand euros
Advances	0
Loans granted	0
Funds and Pension Plans: Contributions	0
Funds and Pension Plans: Obligations undertaken by company	0
Life insurance premiums	0
Guarantees established by the company for the directors	0

b) As members of Boards of Directors and/or undertaking senior management in other group companies:

Remuneration item	In thousand euros
Fixed remuneration	0
Variable remuneration	0
Per diem allowance	0
Considerations in the bylaws	130
Share options and/or other financial instruments	0
Other	0

Total	130
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Other benefits	In thousand euros
Advances	0
Loans granted	0
Funds and Pension Plans: Contributions	0
Funds and Pension Plans: Obligations undertaken by company	0
Life insurance premiums	0

Guarantees established by the company for the directors	0
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c) Total remuneration per type of director:

Type of director	Paid by company	Paid by group
Executive	3,967	0
External proprietary directors	484	130
External independent	143	0
Other external	0	0

Total	4,594	130
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d) With regard to the profits attributed to the parent company:

Total remuneration of directors	4,724
Total remuneration of directors/profit attributed to parent company (as a pct.)	0.0

B.1.12 Identify the senior executives who are not executive directors, and indicate the total remuneration they accrued during the year:

Name	Position
MR FRANCISCO MARTÍN MONTEAGUDO	GENERAL MANAGER OF HUMAN RESOURCES
MR JOSÉ MANUEL VELASCO GUARDADO	GENERAL MANAGER OF COMMUNICATION AND CORPORATE RESPONSIBILITY
MR EDUARDO GONZÁLEZ GÓMEZ	GENERAL MANAGER OF ENERGY AND SUSTAINABILITY
MR JOSÉ MAYOR OREJA	CHAIRMAN OF FCC CONSTRUCCIÓN, S.A.
MR VÍCTOR PASTOR FERNÁNDEZ	GENERAL MANAGER OF FINANCE
MR ANTONIO GÓMEZ CIRIA	GENERAL MANAGER OF ADMINISTRATION AND INFORMATION TECHNOLOGY
MR MIGUEL HERNANZ SANJUÁN	GENERAL MANAGER OF INTERNAL AUDITING
MR JOSÉ LUIS DE LA TORRE SÁNCHEZ	CHAIRMAN OF FCC SERVICIOS
MR JUAN BÉJAR OCHOA	CHAIRMAN AND CEO OF CEMENTOS PORTLAND VALDERRIVAS, S.A.

Total remuneration of senior executives (in thousand euros)	6,015
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B.1.13 Identify in an aggregated way whether there are any guarantee or golden parachute clauses for senior executives, including executive directors of the company or group in the event of removal or change of control. Indicate whether these contracts have to be notified to and/or approved by the company's or the group's bodies:

Number of beneficiaries	7
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	Board of Directors	General Meeting
Body authorising the clauses	YES	NO

Are the clauses reported to the General Meeting?	NO
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B.1.14 Indicate the process for establishing the remuneration of the members of the Board of Directors and the relevant related clauses in the bylaws.

Process to establish the remuneration for Board members and the corresponding clauses in the Bylaws.
Article 37 of the Company Bylaws establishes the following: The post of Board member is remunerated. The remuneration shall consist of a share of the net profits which shall not exceed two per cent (2%) of the financial year profits attributed to Fomento de Construcciones y Contratas, S.A. in the Group's consolidated financial statements, in which it is the Parent Company. This amount will be paid to the Board of Directors once all legal reserves have been covered and a minimum dividend of four per cent (4%) has been paid to shareholders. The remuneration for each financial year will be decided by the General Meeting of Shareholders. The Board will distribute the remuneration resolved at the General Meeting of Shareholders among its members, taking into account the functions and responsibilities of each one on the Board members or its Internal Committees and other criteria provided in the Rules of the Board of Directors, including, within the amount referred to in the previous paragraph of this article, fixed remuneration as well as variable remuneration and benefit schemes. Subject to the foregoing, Directors shall be remunerated for attendance at the Board and Internal Committee meetings. For this purpose, the General Meeting shall determine the amount corresponding to this item in each financial year, which shall be divided by the Board among its members taking into account their effective attendance at the meetings of the Board and of the Internal Committees of which they are members. Also, the Company shall in any event take out civil liability insurance for its Directors. In accordance with the resolution adopted by the General Meeting in this respect, and regardless of provisions of the foregoing paragraphs, director remuneration may also consist of the delivery of shares or share options, or it may be referenced to the value of the Company shares. The remuneration mentioned in the preceding paragraphs for Board members will be compatible with the other wages, service or professional remuneration paid to the Board members for the performance of their duties, whether managerial, executive, advisory or of any other nature, including the Directors' functions of supervision and collective decision-making which they perform for the Company, under the form of hired employment, lease of services or any other form legally applicable to them based on their nature. The Board of Directors shall draw up an annual report on Director remuneration, which shall include the Company's remuneration policy approved by the Board for the current year, the one foreseen for future years, the overall summary of how the remuneration policy was applied during the year and the detail of the individual remuneration accrued by each one of the Directors, which shall be disseminated and submitted to vote, for consultation purposes and as a separate item on the Agenda at the Annual General Meeting of Shareholders.' On the other hand, Article 42.3 f) of the Rules of the Board of Directors states that the Appointment and Remuneration Committee's functions include, among others, overseeing compliance with the Company's remuneration policy and, in particular, proposing to the Board of Directors the remuneration policy for directors and senior managers, the remuneration of the executive directors and the other conditions of their contracts, and the basic conditions for the contracts for senior managers, advising and proposing on multi-year incentive plans for the Company's senior management, particularly those related to the value of the shares.

State whether the Board in a plenary session has reserved the right to approve the following matters:

On proposal from the Company's chief executive, the appointment and possible discharge of senior managers, and the indemnity clauses.	YES
The Board members' remuneration and the additional remuneration of executive directors due to their executive functions and other terms their contracts must comply with.	YES

B.1.15 Indicate whether the Board of Directors has approved a detailed remuneration policy and specify the matters it deals with:

Fixed remuneration items, including a breakdown of attendance expenses accrued to the members for Board of Directors and Committee meetings and an estimate of the annual fixed remuneration accrued	YES
Variable remuneration items	YES
Main features of pension systems, including an estimate of their equivalent annual cost	YES
Conditions under senior management contracts, including executive officers	YES

B.1.16 Indicate whether the Board submits a report on the directors' remuneration policy to the vote of the General Meeting as a separate item on the agenda and for consultation purposes. If so, describe the points in the report dealing with remuneration policies approved by the Board for future years, the main policy changes this year and a general summary of how the remuneration policies were applied throughout the year. Describe the role of the Remuneration Committee and, if external advisors were engaged, state their identity:

YES

Matters dealt with by the remuneration policy											
At the time the Ordinary General Meeting of Shareholders scheduled for 31 May 2012 was announced, a report on the Board of Directors remuneration policy was made available to the shareholders (for the year 2012 and how it was applied to the year 2011). The report was approved by the Board of Directors on 12 April 2012 and submitted to vote for consultation purposes prior to that Meeting, where it was approved by the majority (96.0832% votes for). These are the most significant changes in this policy applied during the year: The last Annual General Meeting resolved to amend the system established in article 37 of the Bylaws of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. in order to consider the actual attendance of Board and Committee meetings, as well as the subsequent dedication that the preparation and discussion of the matters to be transacted requires of each one of the directors, as something to be remunerated which is not directly linked to the results of the financial year. Because of this, the specific regulation of this item was amended (Remuneration for effective attendance), as opposed to participation in profits. Following this amendment, directors will be remunerated for attending meetings of the Board and of its Internal Committees. For the purpose herein, the General Meeting will determine the amount corresponding to each year for this item, which will be distributed by the Board among its members taking into account their actual attendance of Board meetings and meetings of the Internal Committees of which they are members.											
Aspects that the remuneration policy refers to											
Aspects of the report referred to the remuneration policy approved by the Board for future years: The remuneration system detailed in the report is the one expected to be applied in future years unless the corporate bodies decide to amend it because of future circumstances making it advisable to do so. Global summary of how the remuneration policy was applied in the year 2011: The Board proposed to the Annual General Meeting held in 2012 to pay out a total remuneration of 1,974,356 euros, which was distributed among all of the members according to their membership of the different Board Committees. This remuneration consisted of a share in the net profit (1.82%), which is therefore below two per cent (2%) of the profit of the year attributed to Fomento de Construcciones y Contratas, S.A. in the consolidated financial statements of the Group of which it is the parent company, for all the Board of Directors, after meeting the Legal Reserve and having allocated a minimum dividend of four per cent (4%) to the shareholders. The amount of the module serving as the basis for the different remuneration items to be received by the members of the Board for the performance of their functions during the year 2011 was the same as for the years 2007, 2008, 2009 and 2010, where it was frozen at 66,720 euros. <table> <tr> <th>REMUNERATION ITEM</th><th>AMOUNT IN EUROS</th></tr> <tr> <td>Membership on the Board</td><td>66,720</td></tr> <tr> <td>Membership on the Executive Committee</td><td>44,480</td></tr> <tr> <td>Membership on the Audit Committee</td><td>33,360</td></tr> <tr> <td>Membership on the Appointment and Remuneration Committee</td><td>33,360</td></tr> </table> There are no other remuneration items such as attendance bonuses or per diem allowances, or variable remuneration items. Further details on the Board remuneration policy in 2012 and that scheduled for 2013 and subsequent years may be reviewed in the report on these policies to be approved by the Board of Directors to be submitted to the Annual General Meeting dedicated to the past year.		REMUNERATION ITEM	AMOUNT IN EUROS	Membership on the Board	66,720	Membership on the Executive Committee	44,480	Membership on the Audit Committee	33,360	Membership on the Appointment and Remuneration Committee	33,360
REMUNERATION ITEM	AMOUNT IN EUROS										
Membership on the Board	66,720										
Membership on the Executive Committee	44,480										
Membership on the Audit Committee	33,360										
Membership on the Appointment and Remuneration Committee	33,360										

Role of the Remuneration Committee
Pursuant to article 42 of the Rules of the Board of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A., the powers of the Appointment and Remuneration Committee include: f) Overseeing compliance with the remuneration policy set by the Company and proposing to the Board of Directors the remuneration policy for directors and senior managers, the remuneration of the executive directors and the other conditions of their contracts, and the basic conditions for the contracts for senior managers, reporting and proposing on multi-year incentive plans for the Company's senior management, particularly those related to the value of the shares. Also, proposing to the Board of Directors the distribution among the Directors of the remuneration arising from their membership on the Board that is resolved by the General Meeting of Shareholders, pursuant to the provisions in the Bylaws and in the Regulations herein.

Each and every one of the members of the Appointments and Remuneration Committee have played an active role in drawing up the Report, directed and coordinated by the Chairperson, taking into account the remarks and suggestions made by all of them.

Also, the information and advice provided by the internal services of the Company were used, and for the purpose herein no advice was received from external consultants (Art. 32.2 RCA).

Last of all, data on the remuneration paid in the market by companies of a similar size and activities were taken into consideration, together with the recommendations and indications of the Unified Code of Corporate Governance published by the Spanish National Securities Market Commission (CNMV) regarding the structure of Director remunerations.

Has external advice been used?	NO
Identity of the external consultants	

B.1.17 Indicate, as the case may be, the identity of the members of the Board of Directors who are, at the same time, members of the Board of Directors, managers or employees of companies holding significant interests in the listed company and/or in other entities of its Group:

Name of Director	Name of significant shareholder	Position
DOMINUM DESGA, S.A.	B 1998, S.L.	Director
CARTERA DEVA, S.A.	B 1998, S.L.	Director
DOMINUM DIRECCIÓN Y GESTIÓN, S.L.	B 1998, S.L.	Director
E.A.C. INVERSIONES CORPORATIVAS, S.L.	B 1998, S.L.	Director
MR FERNANDO FALCÓ FERNÁNDEZ DE CÓRDOVA	B 1998, S.L.	Director
MR JUAN CASTELLS MASANA	B 1998, S.L.	Director
LARRANZA XXI, S.L.	B 1998, S.L.	Director
MR RAFAEL MONTES SÁNCHEZ	B 1998, S.L.	Director

Detail, if applicable, the relevant relations other than those contemplated in the section above, of the members of the Board of Directors that links them to significant shareholders and/or Group entities:

Name of related director

CARTERA DEVA, S.A.

Name of related significant shareholder

B 1998, S.L.

Description of relationship

B 1998, S.L. SHAREHOLDER AGREEMENTS

Name of related director

LARRANZA XXI, S.A.

Name of related significant shareholder

B 1998, S.L.

Description of relationship

B 1998, S.L. SHAREHOLDER AGREEMENTS

B.1.18. Indicate whether there were any amendments to the Rules of the Board in the year:

YES

Description of the amendments
Go to this link: http://www.fcc.es/fccweb/wcm/idc/groups/public/documents/document/mdaw/mde4/~edisp/ucm_012592.pdf

B.1.19. Indicate the procedure for appointing, re-election, assessing and removing directors. Indicate the competent bodies, the process and the criteria for each procedure.

The Shareholders' Meeting is in charge of appointing and removing Board members. Directors may be re-elected indefinitely one or more times, for five-year terms.

By virtue of the shareholders' agreements referred to in section A.6. of this report as regards the FCC Directors approved by B-1998, S.L., the Investors may appoint four (4) directors to FCC's Board.

Ms Esther Koplowitz Romero de Juseu, or her designated representative, may appoint all of the members of FCC's Board of Directors to which B-1998, S.L. is entitled other than those appointed by the Investors.

Moreover, Chapter IV of the Rules of the Board of Directors, 'Appointment and Removal of Directors,' establishes the following:

Article 16. Appointment, ratification or re-election of directors

1. Proposals for the appointment or re-election of directors submitted by the Board of Directors to the General Meeting of Shareholders for its consideration, and the appointments made by the Board using the powers of co-optation attributed to it by law must fall upon people of recognised integrity, solvency, technical competence and experience, and must be approved by the Board based on a proposal from the Appointments and Remuneration Committee, in the case of independent directors, and based on a prior report of the Appointments and Remuneration Committee, in the case of other directors.

2. If a legal person is appointed as a director it will be necessary that it appoint one individual only for the permanent exercise of the functions attached to the position, who shall be subject to the requirements of good name, solvency, technical competence and experience and to the regime of incompatibilities and prohibitions stated in these Regulations, and on a personal basis he/she shall fulfil the director duties established in these regulations. The revocation of the representative by the legal person acting as a director shall not be effective until a person is designated as a replacement.

Article 18. Term of office

'1. The term of office of directors will be that established in the Bylaws, which cannot be more than six years, although directors may be re-elected.

2. The directors appointed by co-optation will hold office until the next General Meeting is held. This period of time will not count toward the term established in the preceding paragraph.

3. Directors whose mandates expire or who cease to sit on the Board for any reason cannot render services to FCC competitors for two years.

4. The Board of Directors, at its discretion, may waive or reduce this limitation for directors who are leaving.'

Article 19. Re-election of Directors

Prior to proposing re-election of any director to the General Meeting of Shareholders, the Appointments and Remuneration Committee must issue a report evaluating the quality of work and dedication of the proposed directors during their previous mandate.

Article 38.6. The Board in full session will devote its first meeting each year to an assessment of its own performance during the preceding year, evaluating the quality of its work and the efficacy of its rules and correcting any aspects which have been shown to be dysfunctional, if applicable. Also, based on a report drawn up by the Appointments and Remuneration Committee, that meeting will assess the performance of the Chairman of the Board and the Company's chief executive, and the performance of the Committees on the basis of the reports issued by them.

Article 20. Removal of Directors

1. Directors must step down from the Board when their mandates have expired or when so decided by the General Meeting of Shareholders making use of the powers vested in it by law and by the Bylaws.'

Article 21. Nature of the Resolutions of the Board on this Subject

Pursuant to the provisions of Article 25 of these Rules, the directors being proposed for appointment, re-election or removal may not participate in the debates or vote on these issues.

B.1.20 Indicate the reasons for which directors may be forced to resign

Article 20 of the Rules of the Board of Directors states:

1. Directors must step down from the Board when their mandates have expired or when so decided by the General Meeting of Shareholders making use of the powers vested in it by law and by the Bylaws.

2. The directors must tender their resignation to the Board of Directors and officially resign at the Board's request in the following cases:

a. In the case of executive directors, when they no longer occupy the positions or perform the functions by virtue of which they were appointed.

b. In the case of proprietary directors, when the shareholder whose interests they represent disposes of its entire holding in FCC or reduces it to such a level that its number of proprietary directors must be reduced.

c. When they fall under a situation of incompatibility or legal disqualification provided by law.

d. When the Board, by a two-thirds majority, asks the director to resign:

- if he or she receives a severe reprimand from the Board due to breach of his or her duties as director, based on a proposal or report by the Appointments and Remuneration Committee or

- when his or her permanence on the Board may jeopardise the Company's credibility and reputation; directors must inform the Board of any criminal charges against them and any subsequent events during trials. In any event, if any director is tried for any of the corporate crimes described in Article 213 of the Capital Companies Act, the Board will examine the case as soon as possible and, based on the specific circumstances, will decide whether the director must resign or not, and it must give a justification in the Annual Corporate Governance Report.

B.1.21. Explain whether the functions of the Company's chief executive are performed by the Chairman of the Board. If so, indicate the measures taken to limit the risk of a single person accumulating power:

YES

Measures taken to limit risks
The FCC, S.A. Rules of the Board of Directors control these risks by vesting the powers set out in the following section in an independent director. At the meeting held on 27 January 2010, FCC's Board of Directors appointed Mr Gonzalo Anes and Álvarez de Castrillón as the independent director to undertake the functions envisaged in the last paragraph of Article 34 of the Rules of the Board of Directors.

State whether the Company has established rules to empower an independent director to request a Board meetings or the inclusion of new items on the agenda; to coordinate and give voice to the concerns of external directors; and to lead the evaluation by the Board.

YES

Explanation of the rule
S
Article 34.3 of the Rules of the Board establishes the following: When a Company's Chairman is also its CEO or top executive, an independent director should be empowered by the Board to request the calling of Board meetings or the inclusion of new business on the agenda, to coordinate and give voice to the concerns of external directors, and to lead the Board's evaluation of the Chairman.

B.1.22 Is a supermajority, other than the legal majority, required in some decisions

NO

Explain how resolutions are adopted by the Board of Directors, stating at least the minimum quorum and type of majority required to adopt resolutions:

Description of the resolution:

PERMANENT DELEGATION OF DELEGABLE POWERS TO THE EXECUTIVE COMMITTEE, THE CHAIRMAN OR THE CEO'S AND THE APPOINTMENT OF THE DIRECTORS WHO WILL HOLD SUCH POSTS. (All other resolutions of the Board require an absolute majority in order to be approved.)

Quorum	Pct.
TWO-THIRDS OF THE BOARD MEMBERS MUST BE PRESENT OR REPRESENTED AT THE MEETING	66.66%

Type of majority	Pct.
TWO-THIRDS OF THE MEMBERS	66.66%

B.1.23 Detail whether there are specific requirements, other than those relating to directors, to be appointed Chairman.

NO

B.1.24 Indicate whether the chairman has a casting vote:

NO

B.1.25 Indicate whether the Bylaws or the Rules of the Board establish an age limit for directors:

NO

Age limit for chairman	Age limit for CEO	Age limit for directors
-	-	-

B.1.26. Indicate whether the Bylaws or the Rules of the Board establish a term limit for independent directors:

YES

Maximum number of years in office	12
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B.1.27 When there are few or no female directors, indicate the reasons for this situation and the measures taken to correct it:

In particular, state whether the Appointments and Remuneration Committee has established procedures to ensure that the selection processes have no implicit bias that might hamper the selection of female candidates, and to ensure that female candidates with the right profile are actively sought:

YES

Describe the main procedures
Article 42.3.h) of the Rules of the Board establishes that the Appointments and Remuneration Committee's functions include: 'Ensuring that the procedures for filling vacancies on the Board are not subject to implicit bias against the selection of female directors, so as to ensure that the Company deliberately seeks and short-lists women candidates with the necessary professional profile, and it should explain to the Board, if applicable, via the Annual Corporate Governance Report the reason why there are few or no female directors and the initiatives adopted to correct this situation.

B.1.28 Indicate whether there are formal processes for delegating votes in the Board of Directors. If so, give a brief description.

There are no formal processes for delegating votes on the Board of Directors.

B.1. 29 Indicate the number of Board of Directors meetings held in the year. Also, state the number of times that the Chairman did not attend the Board meeting:

Number of meetings of the Board of Directors	10
Number of Board meetings without the attendance of its Chairman	0

Indicate the number of meetings held by different Board Committees in the year:

Number of Executive or Delegated Committee meetings	9
Number of Audit Committee meetings	8
Number of Appointments and Remuneration Committee meetings	9
Number of Appointments Committee meetings	0
Number of Remuneration Committee meetings	0

B.1.30. Indicate the number of Board of directors meetings held in the year which were not attended by all members. To calculate this, absence will be considered to be those proxies granted without specific instructions.

Number of absences of directors during the year	19
% of absences over the total votes during the year	9.600

B.1.31 Indicate whether the individual and consolidated financial statements that are presented for Board approval have been certified:

YES

Indicate, as the case may be, the person(s) who have certified the separate and consolidated financial statements of the Company, prior to submitting them to the Board:

Name	Position
MR JUAN BÉJAR OCHOA	DEPUTY CHAIRMAN AND CEO
MR VÍCTOR PASTOR FERNÁNDEZ	DIRECTOR OF FINANCE
MR ANTONIO GÓMEZ CIRIA	DIRECTOR OF ADMINISTRATION AND INFORMATION TECHNOLOGY

B.1.32. Detail whether the Board of Directors has established any mechanisms to avoid that the individual and consolidated financial statements authorised by it be presented to the General Meeting with audit qualifications.

One of the Audit and Control Committee's functions is the revision of the financial and economic information published periodically by the FCC Group. This revision is particularly important in the case of the annual report; therefore, prior to the Board of Directors' authorisation of the 2012 financial statements, the Audit and Control Committee thoroughly examined the statements and requested that the external auditor explain the conclusions of its review so that, once the statements were approved by the Board, the external auditor's report would contain no qualifications.

B.1.33. Is the Secretary of the Board a Director?

NO

B.1.34. Describe the procedures for appointment and removal of the Secretary of the Board, stating whether the Appointments Committee was consulted and the appointment or removal was approved by the full Board:

Appointment and removal procedure
Art. 36.1 of the Rules of the Board: 'His appointment and removal must be approved by a full Board meeting based on a proposal by the Appointments and Remuneration Committee'.

Is the Appointments Committee consulted on the appointment?	YES
Is the Appointments Committee consulted on the removal?	YES
Does the full Board approve the appointment?	YES
Does the full Board approve the removal?	YES

Is the Secretary of the Board entrusted in particular with ensuring compliance with corporate governance recommendations?

YES

Comments
Art. 36.2 of the Rules of the Board: The Secretary shall especially see to it that the Board's actions: (i) are adjusted to the letter and spirit of the Laws and regulations, including those approved by regulatory bodies; (ii) are in conformity with the Bylaws and the Rules of the General Meeting, the Board and any others that the Company may have; (iii) and that they bear in mind the recommendations on governance included in the Bylaws and Rules of the Company.

B.1.35. Indicate the mechanisms, if there are any, established by the Company to maintain the independence of auditors, financial analysts, investment banks and rating agencies.

These mechanisms are included in Article 41.4 of the Rules of the Board which states as follows:

The basic function of the Audit and Control Committee is to support the Board of Directors in its supervisory duties by periodically reviewing the processes used to prepare the financial information, the internal controls and the independence of the external Auditor. In particular, the matters that the Board of Directors may entrust to the Audit and Control Committee include, but are not limited to, the following:

- a) Informing the General Meeting of Shareholders on the questions raised by shareholders which fall within its scope of authority.
- b) Liaising between the Board of Directors and the Company's external Auditor, evaluating the results of each audit, with the following additional duties with respect to the external Auditor: (i) Making recommendations to the Board of Directors for the selection, appointment, re-election and removal of the external Auditor, and the terms and conditions of his or her engagement; (ii) receiving regular information from the external Auditor on the progress and findings of the audit programme, and checking that senior management are acting on its recommendations; (iii) discussing with the external Auditors any significant weaknesses found in the internal control system as a result of the audits conducted; (iv) ensuring the independence of the external Auditor and, in particular, establishing appropriate measures to ensure that: 1) contracting consulting and advisory services with that Auditor or a company of its group does not jeopardise its independence, to which end the Committee will receive an annual report from the Auditors confirming in writing their independence in respect of the Company or the entities directly or indirectly related to it and information on any additional services of any kind rendered to the companies by the Auditors or by persons or entities related to the Auditors, as provided for in the Auditing Act; and 2) the Company issues a relevant event to the CNMV as regards the change in Auditor, with a statement about any disagreements with the outgoing Auditor and their nature; where the external Auditor resigns, the Committee must examine the reasons; (v) and seeking to ensure that the Company's Auditor takes responsibility for auditing the companies comprising the Group.
- c) Issuing a report each year, prior to the publication of the audit report, expressing an opinion on the independence of the Company's Auditors or auditing companies. This report must necessarily address any additional services of the kind referred to in section b) (iv) 1 above.
- d) Supervising the Company's internal audits that oversee the good operation of the information and internal control systems; the head of internal audit is obliged to present an annual work plan to the Committee and inform it directly of any incidents arising in the course of implementing the plan, as well as submitting a report on activities to the Committee at the end of each year.
- e) Supervising and analysing the risk control and management policy, identifying at least: (i) the different types of risk to which the Company is exposed, with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks; (ii) the determination of the risk level the Company sees as acceptable; (iii) the measures in place to mitigate the impact of risk events, should they occur; (iv) and the internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks, and submission to the Board for approval.
- f) Supervising the preparation and presentation of the annual financial statements and management report of the Company and the consolidated group, and of the information released periodically to the markets, checking for compliance with legal provisions and the correct application of generally accepted accounting principles, and informing the Board before it adopts any of the following decisions: (i) the financial information that the Company must release periodically by virtue of being listed, ensuring that the interim financial statements are drawn up in accordance with the same accounting principles as the annual financial statements and, to this end, considering the advisability of a limited review by the Company's external Auditor; (ii) and the creation, or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the FCC group.
- g) With respect to internal control and reporting systems: (i) monitoring the preparation and the integrity of the financial information prepared on the Company and, as the case may be, the Group, checking for compliance with legal provisions, the accurate demarcation of the consolidation perimeter, and the correct application of accounting principles; (ii) reviewing internal control and risk management systems on a regular basis, to ensure that the main risks are properly identified, managed and disclosed; (iii) monitoring the independence and efficacy of the internal audit function; proposing the selection, appointment, re-election and removal of the head of internal audit; proposing that department's budget; receiving regular reports on its activities; and verifying that senior management are acting on the findings and recommendations of its reports; (iv) periodically receiving information from the Response Committee and the Management Control and Risk Management Department, respectively, on how they carry out their activities and on how internal controls work; (v) and ensuring that the internal codes of conduct and the rules of corporate governance comply with the requirements of law and are appropriate for the Company, and reviewing compliance, by the persons governed by those codes and governance rules, of their obligations to inform the Company.
- h) Issuing reports and proposals as requested by the Board of Directors or the Chairman of the Board and those it deems appropriate for the best performance of its functions, particularly the report on proposed amendments to these Rules, as provided in Article 4.3.
- i) Deciding on requests for information presented by directors, by virtue of Article 30.3 of these Rules, to the Committee, and requesting the inclusion of any items on the agenda of Board meetings, in the conditions and time periods established in Article 38.3 of these Rules.

B.1.36 State whether the Company changed its external auditor during the year. As the case may be, identify the outgoing and incoming auditors:

NO

If there was a disagreement with the outgoing auditor, describe it:

NO

B.1.37 Indicate whether the audit firm performs other work for the Company and/or its group other than auditing and, if so, state the fees received for such work and those fees as a percentage of total fees billed to the Company and/or its group:

YES

	Company	Group	Total
Amount of other non-audit jobs (thousand euros)	52	447	499
Amount of non-audit jobs / total amount billed by audit firm (as a %.)	18.186	8.492	8.990

B.1.38 State whether the auditors' report on the previous year's financial statements had any reservations or was qualified. If it was, state the reasons given by the Chairperson of the Audit Committee to explain the content and scope of the qualification or reservation.

NO

B.1.39 Indicate the number of consecutive years that the current audit firm has been auditing the financial statements of the Company and/or its group. Also, indicate the number of years audited by the current audit firm as a percentage of the total number of years in which the financial statements have been audited:

	Company	Group
Number of consecutive years	11	11
	Company	Group
Number of years the current audit firm has audited / number of years the Company has been audited (as a %)	48.0	48.0

B.1.40 Indicate the shareholdings of the members of the Company's Board of Directors in the share capital of companies engaged in the same, similar or complementary activities as that of the corporate purposes of the Company and group, of which the Company is aware. Likewise, include the offices or functions held or undertaken in such companies:

B.1.41 Indicate whether there is a procedure for directors to engage external consultants and, if so, provide details:

YES

Details of the procedure
Article 31 Expert assistance, of the Rules of the Board states that: 1. In order to assist them in performing their duties, external directors are entitled to obtain the necessary assistance from the Company to perform their duties and, where necessary, to obtain advice, at FCC's expense, from legal, accounting and financial consultants and other experts. 2. Requests to engage external consultants or experts must be referred to the Chairman of FCC and will be approved by the Board of Directors if it considers that: a. it is necessary for the proper performance by independent directors of their assigned duties, b. the cost is reasonable, in view of the importance of the problem and the assets and revenues of FCC, and c. the technical assistance cannot be properly provided by internal FCC experts or technical personnel. 3. Requests for expert assistance by any of the Board Committees should not be denied except when a majority of the Board members considers that the conditions envisaged in paragraph 2 of this article are not met.

B.1.42 Indicate whether there is a procedure for directors to have the necessary information to prepare for the meetings of the governing bodies with sufficient time and, if so, provide details:

YES

Details of the procedure
Article 38 Meetings of the Board of Directors, of the Rules of the Board defines the procedure as follows: 1. The Board of Directors must meet with the necessary frequency to properly perform its functions, and whenever the interests of FCC so require, in accordance with a calendar and agendas set at the beginning of the year, to which each director, along with any of the Board's Committees, may propose the addition of other items not initially envisaged in the agenda, such proposal must be made not less than thirteen days prior to the date scheduled for the meeting. The calendar of the ordinary meetings will be set by the Board at the beginning of each year. The calendar may be modified by decision of the Board itself or of the Chairman, who will notify the directors of the change at least ten days in advance of the original meeting date, or of the modified meeting date if it is earlier. 2. The announcement of the ordinary meetings will be sent by post, fax, e-mail or telegram and will be authorised with the signature of the Chairman or his alternate or the Secretary or Vice-Secretary, by order of the Chairman. Notwithstanding the provisions of Article 30 of the Bylaws, every effort will be made to announce the meetings not less than ten days in advance. Along with the announcement of each meeting, the directors will be provided with the meeting agenda and the pertinent documentation to enable them to form an opinion and if applicable, to vote on the issues submitted to them for their consideration. In emergency situations, at the Chairman's discretion, an immediate meeting of the Board of Directors may be called, in which case the meeting agenda will be limited to the urgent matters. 3. The Chairman will decide the meeting agenda. The directors and the Board Committees may ask the Chairman to include items on the agenda in the terms envisaged in section 1 of this article, and the Chairman will be obliged to include them. When a specific item is included on the meeting agenda as requested by the directors, then the directors who requested the inclusion of that item must forward the pertinent documentation along with their request or identify the pertinent documentation so that it can be forwarded to the rest of the Board members. In view of the directors' duty of confidentiality, every effort will be made to ensure that the importance and confidential nature of the information is not used as a pretext for breaching this rule, except under exceptional circumstances at the Chairman's discretion. 4. Board meetings may be held via telephone multi-conference, videoconference or any other analogous system so that one or more directors can attend the meeting via that system. For that purpose, in addition to stating the location where the meeting is physically held, which is where the Board Secretary must be located, the announcement must state that directors can attend via telephone conference, videoconference or an equivalent system, indicating and making available the technical means for this purpose, which in all cases must enable direct, simultaneous communication among attendees. The Secretary of the Board of Directors must enter, in the minutes of meetings held in this way, in addition to the names of the directors who physically attended or those represented by another director, those who attended via telephone multi-conference, videoconference or an equivalent system.

B.1.43 Indicate whether the Company has rules obliging directors to inform and, if appropriate, to resign in any circumstance that might harm the organisation's name or reputation, and describe any that exist:

YES

Explain the rules
According to Article 29 of the Rules of the Board of Directors' duty of disclosure, 'Directors must disclose the following to FCC's Appointments and Remuneration Committee through the Corporate Responsibility Department or any other that takes its place: d. Legal, governmental, or any other type of claim which, due to its significance, could have a serious effect on the reputation of FCC.' Also, article 20.2.d) on Removal of Directors states that 'Directors must tender their resignation to the Board of Directors and, if the latter sees fit, resign in the following cases: when their permanence on the Board may jeopardise the Company's credibility and reputation, and directors must inform the Board of any criminal charges against them and any subsequent events during trials. In any event, if any director is indicted or tried for any of the crimes indicated in Article 213 of the Public Limited Companies Act, the Board will examine the case as soon as possible and, based on the specific circumstances, will decide whether or not the director must resign, and it must give a justification in the Annual Corporate Governance Report.'

B.1.44 State whether any member of the Board of Directors has informed the Company that he has been charged with, or tried for, any of the crimes indicated in Article 124 of the Public Limited Companies Act:

NO

State whether the Board of Directors has analysed the case. If it has, give a reasoned explanation on the decision made regarding whether it is fit for the director to remain in office.

NO

Decision made	Reasoned explanation

B.2 Board of Director Committees

B.2.1 List the Committees of the Board of Directors and their members:

EXECUTIVE OR DELEGATE COMMITTEE

Name	Position	Type of director
Mr BALDOMERO FALCONES JAQUOTOT	CHAIRMAN	EXECUTIVE
CARTERA DEVA, S.A.	DIRECTOR	PROPRIETARY
DOMINUM DESGA, S.A.	DIRECTOR	PROPRIETARY
EAC INVERSIONES CORPORATIVAS, S.L.	DIRECTOR	PROPRIETARY
Mr FERNANDO FALCÓ Y FERNÁNDEZ DE CÓRDOVA	DIRECTOR	PROPRIETARY
Mr JUAN CASTELLS MASANA	DIRECTOR	PROPRIETARY

AUDIT COMMITTEE

Name	Position	Type of director
Mr GONZALO ANES Y ÁLVAREZ DE CASTRILLÓN	CHAIRMAN	INDEPENDENT
DOMINUM DESGA, S.A.	DIRECTOR	PROPRIETARY
EAC INVERSIONES CORPORATIVAS, S.L.	DIRECTOR	PROPRIETARY
Mr FERNANDO FALCÓ Y FERNÁNDEZ DE CÓRDOVA	DIRECTOR	PROPRIETARY
Mr JUAN CASTELLS MASANA	DIRECTOR	PROPRIETARY

APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Position	Type of director
DOMINUM DESGA, S.A.	CHAIRMAN	PROPRIETARY
Mr ANTONIO PÉREZ COLMENERO	DIRECTOR	PROPRIETARY
CARTERA DEVA, S.A.	DIRECTOR	PROPRIETARY
DOMINUM DIRECCIÓN Y GESTIÓN, S.L.	DIRECTOR	PROPRIETARY
EAC INVERSIONES CORPORATIVAS, S.L.	DIRECTOR	PROPRIETARY
Mr FERNANDO FALCÓ Y FERNÁNDEZ DE CÓRDOVA	DIRECTOR	PROPRIETARY
Mr GONZALO ANES Y ALVAREZ DE CASTRILLÓN	DIRECTOR	INDEPENDENT
Mr JUAN CASTELLS MASANA	DIRECTOR	PROPRIETARY
Mr RAFAEL MONTES SÁNCHEZ	DIRECTOR	PROPRIETARY

STRATEGY AND INVESTMENT COMMITTEE

Name	Position	Type of director
B-1998, S.L.	CHAIRMAN	PROPRIETARY
CARTERA DEVA, S.A.	DIRECTOR	PROPRIETARY
DOMINUM DESGA, S.A.	DIRECTOR	PROPRIETARY
DOMINUM DIRECCIÓN Y GESTIÓN, S.L.	DIRECTOR	PROPRIETARY
EAC INVERSIONES CORPORATIVAS, S.L.	DIRECTOR	PROPRIETARY
Mr FERNANDO FALCÓ Y FERNÁNDEZ DE CÓRDOVA	DIRECTOR	PROPRIETARY
Mr JAVIER RIBAS	DIRECTOR	INDEPENDENT
Mr JUAN CASTELLS MASANA	DIRECTOR	PROPRIETARY
LARRANZA XXI, S.L.	DIRECTOR	PROPRIETARY
Mr RAFAEL MONTES SÁNCHEZ	DIRECTOR / SECRETARY	PROPRIETARY

B.2.2 Indicate whether the following functions are attributed to the Audit Committee:

Monitor the preparation and the integrity of the financial information prepared on the Company and, where appropriate, the Group, checking for compliance with legal provisions, the accurate demarcation of the scope of consolidation, and the correct application of accounting principles.	YES
Periodically check the systems of internal control and risk management, in order that the principal risks are identified, managed and announced adequately.	YES
Monitor the independence and efficacy of the internal audit function; propose the selection, appointment, re-election and removal of the head of internal audit; propose the department's budget; receive regular reports on its activities; and verify that senior management are acting on the findings and recommendations of its reports.	YES
Establish and supervise a mechanism whereby staff can report, confidentially and, if necessary, anonymously, any irregularities they detect in the course of their duties, in particular financial or accounting irregularities, with potentially serious implications for the firm.	YES
Make recommendations to the Board for the selection, appointment, re-election and removal of the external auditor, and the terms and conditions of his/her engagement.	YES
Receive regular information from the external auditor on the progress and findings of the audit programme, and check that senior management are acting on its recommendations.	YES
Monitor the independence of the external auditor	YES
In the case of groups, the Committee should urge the group auditor to take on the auditing of all component companies.	YES

B.2.3 Give a description of the rules of organisation and functioning, together with the responsibilities attributed to each one of the Board committees.

Committee name

STRATEGY AND INVESTMENT COMMITTEE

Brief description

STRATEGY COMMITTEE:

This Committee is governed by Article 43 of the Rules of the Board of Directors.

1. ... made up by the Directors appointed by the Board of Directors for a period not to exceed their terms as directors, notwithstanding the possibility that they may be re-elected indefinitely to the extent that they are also re-elected as directors. The majority of the members of the Strategy Committee will be external directors.
2. The Strategy Committee will choose a Chairman from among its non-executive members. The Committee will also designate a Secretary, who need not be a member of the Committee, to aid the Chairman and provide for the smooth operation of the Committee, duly reflecting, in the meeting minutes, the business transacted, the deliberations and the resolutions adopted.
3. The members of the Strategy Committee will step down from the Committee when they cease to be directors or when decided by the Board.'
4. It is a function of the Strategy Committee to assist the Board of Directors in determining the Group's strategy based on the guidelines set out by the Board, preparing such reports and proposals as may be necessary.
[...]
6. To perform its functions optimally, the Strategy Committee may seek the advice of external professionals, in which case the provisions of Article 31 of these Rules will apply.
7. The members of the Strategy Committee may be assisted during their meetings by up to two advisers per Committee member, as required. These advisers may speak at the meetings but cannot vote.
8. The Strategy Committee will meet periodically and as convened by the Chairman or requested by two Committee members. On a yearly basis, the Committee will draft an action plan for the coming year which it will submit to the Board.
9. The minutes of each Committee meeting will be drafted and signed by the Committee members in attendance.
10. Any member of the Company's management team or personnel of FCC Group who is asked to attend the Strategy Committee's meetings will be obliged to attend, collaborate and provide the information at his disposal.
11. The Strategy Committee will have access to all of the documentation and information needed to perform its functions.
12. The Strategy Committee will regulate its own operations to the extent that they are not regulated in these Rules and in the Bylaws, whose provisions relating to the operations of the Board of Directors will apply specifically insofar this is possible considering the nature and functions of the Committee.

Committee name

APPOINTMENTS AND REMUNERATION COMMITTEE

Brief description

This Committee is governed by Article 42 of the Rules of the Board of Directors.

1. It will be composed of a minimum of three Board members appointed by the Board of Directors. The majority of its members will be external directors and the Chairman will be appointed from among the latter. The term of the members of the Appointments and Remuneration Committee may not exceed their terms as directors, notwithstanding the possibility that they may be re-elected indefinitely so long as they are also re-elected as directors.

2. The Appointments and Remuneration Committee will regulate its own functioning pursuant to the Corporate Bylaws and these Rules. The Committee will designate a Secretary, who need not be a member of the Committee, to aid the Chairman and provide for the smooth operation of the Committee, duly reflecting, in the meeting minutes, the development of the deliberations, the contents of the deliberations and the resolutions adopted; the minutes must be signed by the members of the Committee who attended the meeting in question. The members of the Appointments and Remuneration Committee will step down from the Committee when they step down as directors or when decided by the Board of Directors.

There shall be a quorum at the Appointments and Remuneration Committee meetings when the majority of its members are present or represented; its resolutions are to be passed by an absolute majority of the members present or represented and the Chairman shall have a casting vote in the event of a tie.

3. The Appointments and Remuneration Committee will have the powers to inform, advise and propose within its areas of competence, and it will have the following functions in particular, in addition to those already indicated in these Rules:

a) Evaluating the balance of skills, knowledge and experience on the Board, defining the roles and capabilities required of the candidates to fill each vacancy, and deciding the time and dedication necessary for them to properly perform their duties. Any director member may suggest directorship candidates to the Appointments and Remuneration Committee for its consideration.

b) Examining or organising appropriately the succession of the Chairman and Chief Executive, making recommendations to the Board so the handover proceeds in a planned and orderly manner.

c) Proposing the appointment and re-election of independent directors and advising on proposals for the appointment and re-election of the other directors.

d) Advising on proposals to maintain independent directors in their positions after 12 years and advising on proposals for the removal of independent directors, in accordance with Article 20.3.

e) Advising on the appointment and removal of senior managers proposed to the Board by the chief executive, and proposing the candidates for senior executive positions in the Company, in addition to those envisaged in Article 2.2. of these rules, and making the proposals for reprimands envisaged in Article 20.2.d) of these Rules. The Committee will also issue a report before any appointment to a position or office whose annual remuneration is equal to or greater than the figure established by the Appointments and Remuneration Committee and reported to the Board of Directors in each case.

f) Overseeing compliance with the Company's remuneration policy and, in particular, proposing to the Board of Directors the remuneration policy for directors and senior managers, the remuneration of the executive directors and the other conditions of their contracts, and the basic conditions for the contracts for senior managers, advising and proposing on multi-year incentive plans for the Company's senior management, particularly those related to the value of the shares. It may also propose to the Board of Directors the distribution among the Directors of the remuneration arising from their membership of the Board that is resolved by the General Meeting of Shareholders, pursuant to the provisions in the Corporate Bylaws and in these Rules.

g) Preparing and maintaining a record of the status of directors and senior managers of FCC.

h) Ensuring that the procedures for filling vacancies on the Board are not subject to implicit bias against the selection of female directors, so as to ensure that the Company deliberately seeks and short-lists women with the necessary professional profile, and the Annual Corporate Governance Report must disclose the reason why there are few or no female directors and the initiatives adopted to correct this situation.

i) Advising on the proposed appointment of members of the Board of Directors Committees.

j) Advising on the appointment and removal of the Secretary of the Board.

k) Verifying the qualifications of the directors under Article 6.4.

l) Receiving the information provided by directors under Article 24.2 of these Rules.

m) Advising on any professional or commercial transactions referred to in Article 25.3 of these Rules, if applicable.

n) Advising on the use, for the benefit of a director, of business opportunities or assets of FCC which have been previously studied and ruled out by the FCC Group, as referred to in Article 27.1 and 27.3 of these Rules.

o) Receiving and keeping in custody the registration of situations mentioned in section e) above and the personal information furnished by the Directors, as established in article 29 of these Rules.

p) Requesting, as the case may be, the inclusion of items on the Agenda of Board meetings, under the conditions and in the terms provided in article 38.3 of these Rules.

When dealing with matters referring to the Executive Directors and Senior Managers, the Appointments and Remuneration Committee will consult with the Chairman and the Chief Executive of the Company.

4. The Appointments and Remuneration Committee will regulate its own operations to the extent that they are not regulated in the Bylaws and these Rules, whose provisions relating to the operation of the Board of Directors will apply specifically insofar as this is possible considering the nature and functions of the Committee.

5. The Appointments and Remuneration Committee will have access to all of the documentation and information needed to perform its functions. The members of the Appointments and Remuneration Committee may be assisted during their meetings by up to two advisers per Committee member, as required. Such advisers may attend meetings but not vote, and the provisions of Article 31 of these Rules will apply to them.

6. The Committee will meet periodically, at least once per quarter, and when convened by the Chairman or requested by two Committee members. On a yearly basis, the Committee will draft an action plan for the coming year which it will submit to the Board.

Committee name

EXECUTIVE OR STANDING COMMITTEE

Brief description

EXECUTIVE COMMITTEE

Its rules are determined by Article 36 of the Bylaws of FCC, which are extracted below:

... The Executive Committee will be convened by the Chairman, on its own initiative or upon the request of two Committee members. The notice will be sent by letter, telegram, e-mail or fax to each of the Committee members at least 48 hours in advance of the meeting date. The Executive Committee may be convened immediately for reasons of urgency, in which case the meeting agenda will be limited to the issues which caused the urgency.

The meetings shall be held at the Company's registered offices or another location designated by the Chairman and indicated in the announcement.

In order for the Executive Committee to be quorate, there must be a majority of members present or represented. Absent members may be represented by another member of the Executive Committee by notifying the Chairman in writing.

The deliberations will be directed by the Chairman. If the Chairman is absent, the meeting will be chaired by a Committee member chosen by majority vote of those in attendance.

The Chairman will give the floor to those attendees who wish to speak.

Resolutions will be passed by absolute majority of the Committee members.

In the event of a tie, the matter will be forwarded to the Board of Directors. In this case, the members of the Executive Committee will request that a meeting be convened as provided for in Article 30 of the Bylaws.

Additionally, Article 40 of the Rules of the Board of Directors establishes that:

2.The Board of Directors will designate the directors to form part of the Executive Committee, ensuring as far as possible that its structure is similar to that of the Board itself in terms of the various categories of director. The Secretary of the Board will also be the secretary of the Executive Committee.

3. The Executive Committee will be composed of a minimum of five and a maximum of ten members.

4. The members of the Executive Committee will step down from the Committee when they cease to be directors or when decided by the Board.

5. Any vacancies arising will be filled as quickly as possible by the Board of Directors.

6. In the absence of the Chairman of the Executive Committee, a Committee member will be chosen to perform his functions.

7. The Executive Committee will hold ordinary meetings in the months when a Board of Directors meeting is not scheduled, apart from the month of August, and it may meet on an extraordinary basis when required by the Company's interests. Along with the announcement of each meeting, the members of the Executive Committee will be provided with the pertinent information they need to form an opinion and vote.

8. The Executive Committee will be convened as established in Article 35 of the Bylaws, although, except in the event of a justified emergency, every effort will be made to ensure at least ten days' advance notice. Along with the announcement of each meeting, the members of the Executive Committee will be provided with the pertinent information they need to form an opinion and to vote.

9. The Executive Committee will be quorate when at least one-half plus one of its members are present or represented at the meeting.

10. The Executive Committee, through its Chairman, will inform the Board of the business transacted and the decisions made by the Committee, and a copy of the minutes of each meeting will be given to each director.

11. In all other matters, the Executive Committee will be governed by the pertinent provisions of the Bylaws and, specially, by the provisions relating to the Board of Directors contained in the Bylaws and these Rules.

Committee name

AUDIT COMMITTEE

Brief description

AUDIT AND CONTROL COMMITTEE

This Committee is governed by Article 41 of the Rules of the Board of Directors. It must comprise at least three Directors designated by the Board of Directors taking into consideration their knowledge and experience of accounting, auditing or risk management; all of its members will be external directors, and the Committee will appoint a Chairman from among its members, who will hold office for no more than four years; it may also appoint a Vice-Chairman. The term of the members of the Committee may not exceed their terms as directors, notwithstanding the possibility that they may be re-elected indefinitely so long as they are also re-elected as directors.

At least one of the members of the Audit and Control Committee must be an independent director and will be appointed based on his/her accounting and/or auditing expertise and experience.

The Secretary and Vice-Secretary, if any, shall be chosen by the Committee and need not be Board members.

The members of the Committee may obtain advice from external professionals. These advisers will attend the meetings and may speak but not vote.

The basic function of the Audit and Control Committee is to support the Board of Directors in its supervisory duties by periodically reviewing the processes used to prepare the financial information, the internal controls and the independence of the external auditors.

Its main responsibilities include:

- Informing the General Meeting of Shareholders on the questions raised by shareholders which fall within its scope of authority.
- Liaising between the Board of Directors and the external auditor, evaluating the results of each audit.
- Supervising the Company's internal auditing services.
- Analysing the risk control and management policy.
- Supervising the process of drafting the separate and consolidated financial statements and management reports and the regular financial disclosures to the market.

- Issuing a report each year, prior to the publication of the audit report, expressing an opinion on the independence of the Company's auditors. This report must necessarily address any additional services rendered.

B.2.4 Indicate the advisory and consultative powers and, where applicable, any powers delegated to each Committee:

Committee name

EXECUTIVE OR STANDING COMMITTEE

Brief description

The delegation of powers to the Board Committees is governed by Article 40 of the Rules of the Board of Directors and Article 35 of the Bylaws.

All the duties and powers necessary to conduct the Company's business are permanently vested in the Executive Committee, except for those powers declared to be non-delegable under Article 141.1 of the Public Limited Companies Act and those reserved for the full Board of Directors as non-delegable, as set out in Article 7 of the Rules of the Board of Directors.

In the exercise of the powers and duties referred to above, the Executive Committee may empower others to act either individually or jointly with other representatives, setting the scope, limitations and conditions it deems pertinent. The Executive Committee may also revoke the powers thus granted.

Article 40.1 of the Rules of the Board of Directors establishes that 'The Board may set up an Executive Committee in which it may permanently delegate all of the powers vested in the Board of Directors with the exception of those which, by law or under the Bylaws or these Rules, may not be delegated. Unless otherwise stipulated in the delegation of powers by the Board of Directors, the Executive Committee will have specific responsibility for deciding on investments, divestments, credits, loans, guarantee and bonds and other financial facilities for unit amounts not exceeding the figure that is established in each case in accordance with Article 7.2.j).

Also, in situations of emergency the Executive Committee will exercise the following powers attributed to the Board of Directors, under Article 8 of these Rules, which must be reported to the Board of Directors for subsequent ratification: the appointments and removal of senior managers and their indemnity clauses, periodic public financial information, strategic investment and transactions, and those covered by Article 8.3.f).'

As regards the advisory and consultation powers of Committees, see section B.2.3.

B.2.5 Indicate any rules governing the Committees of the Board of Directors, where they are made available for consultation and any changes to these rules during the year. Also, indicate whether an annual report on each Committee's activities has been drafted voluntarily.

Committee name

EXECUTIVE OR STANDING COMMITTEE

Brief description

The Rules of the Board of Directors, amended on 12 April 2012, govern the regulation of the functioning of the different Board Committees: Executive Committee (article 40), Audit and Control Committee (article 41), Appointments and Retribution Committee (article 42) and Strategy Committee (article 43).

As established in article 38.6 of the Board Rules ('The Board in full session will devote its first meeting each year to an assessment of its own performance during the preceding year, evaluating the quality of its work and the efficacy of its rules and correcting any aspects which have been shown to be dysfunctional. Also, based on a report drawn up by the Appointments and Remuneration Committee, that meeting will assess the performance of the Chairman of the Board and the Company's chief executive, and the performance of the Committees on the basis of the reports issued by them. '), the Board of Directors, at its meeting of 3 February 2012, evaluated its performance and that of its Committees compared to the year 2011.

This evaluation analysed not only the performance of the Board but also that of each and every one of the different Committees (Executive Committee, Audit and Control Committee, Appointments and Remuneration Committee and Strategy Committee).

Both the Board and its Committees and the Chairman and Chief Executive have performed their powers and functions with quality, organising their work in compliance with all the procedures, while at the same time undertaking to continuously improve their management. The evaluation also highlights the fact that the different Committees supported the launch of a number of projects aligned with the Group strategy, which has given the Board greater efficacy and transparency in its management to fulfil its main purpose: to protect the corporate interest, understood as the maximisation, in a sustainable manner, of the economic value of the Company, in accordance with article 22.1 of the Rules of the Board of Directors and recommendation no. 7 of the Unified Code of Governance for Listed Companies.

B.2.6 Indicate whether the executive Committee's composition reflects the composition of the Board in terms of director type:

NO

If it does not, detail the composition of the Executive Committee
The composition of the Executive Committee is as follows: 83.3% external directors and 16.7% executive directors; the composition of the Board of Directors is: 88.9% external directors and 11.1% executive directors.

C – RELATED PARTY TRANSACTIONS

C.1 State whether the Board of Directors, in full session, has reserved for itself the power to approve, subject to a favourable report by the Audit Committee or any other Committee entrusted with such duties, the Company's transactions with directors, significant shareholders or shareholders with Board representation or with persons related to any of them.

YES

C.2 Detail any significant transactions involving a transfer of funds or liabilities between the Company or subsidiaries in its group and significant shareholders of the Company:

C.3 Detail any transactions involving a transfer of funds or liabilities between the Company or subsidiaries in its group and directors or executives of the Company:

Name of significant shareholder	Name of group company or entity	Nature of relationship	Type of transaction	Amount (thousand euros)
B 1998, S.L.	FCC MEDIO AMBIENTE, S.A.	CONTRACTUAL	Rendering of services	3
DOMINUM DESGA, S.A.	SERVICIOS ESPECIALES DE LIMPIEZA, S.A.	CONTRACTUAL	Rendering of services	2

C.4 Detail the significant transactions between the Company and other companies in the group, except those that are eliminated in consolidation or do not form part of the Company's normal operations with regard to their purpose and conditions:

C.5 Indicate whether the members of the Board of Directors have been in situations of conflict of interest throughout the year, pursuant to Article 127.3 of the Public Limited Companies Act.

NO

C.6 Describe the mechanisms established to detect, determine and resolve possible conflicts of interest between the Company and/or the group and its directors, executives or significant shareholders.

Article 25.2, 25.3, 25.4, 25.5 and 25.6 of the Rules of the Board of Directors establishes that Directors must give due advance notice to the Board, via the Corporate Responsibility Department or any other that takes its place, of any situation that may give rise to a conflict of interest with the Company or any of the companies in the FCC group of companies or their related companies. Under Article 25.3, in the following cases, the prior written consent of the Board of Directors of FCC, which may not be delegated, based on a favourable report from the Appointments and Remuneration Committee, will be required:

a. Provision by a director or a related party to companies of the FCC Group of professional services other than those deriving from the employment relationship with executive directors.

b. Sale or disposal by any other means, for good and valuable consideration of any type, of supplies, materials, goods or rights in general by a director, significant shareholder or shareholder represented on the Board, or their related parties, to companies of the FCC Group. For this purpose, related party is as defined in Article 127.3.5 of the Public Limited Companies Act.

c. Transfer of supplies, materials, goods or rights in general outside the seller's normal course of business by a company of the FCC Group to a director, significant shareholder or shareholder represented on the Board, or their related parties.

d. Provision of works or services or the sale of materials by companies of the FCC Group to a director, significant shareholder or shareholder represented on the Board, or their related parties, in the normal course of the former's business, at lower than market prices.

4. The authorisation referred to in item 4 above will not be necessary for related-party transactions that fulfil all of the following three conditions:

- a) They are governed by standard form agreements applied on an across-the-board basis to a large number of clients.
- b) They are performed at market prices or rates generally set by the person supplying the goods or services.
- c) Their amount does not exceed 1% of the Company's annual revenues.

5. In any event, all material transactions of any kind between directors and FCC, its subsidiaries or associated companies must be disclosed in the Annual Corporate Governance Report. This obligation extends to material transactions between the Company and its significant shareholders (direct and indirect).

Under Article 25.1, a director is likewise considered to have an indirect interest when that matter affects a related party.

C.7 Is more than one Group company listed in Spain?

YES

Identify the subsidiaries that are listed:

Listed subsidiary
CEMENTOS PORTLAND VALDERRIVAS, S.A.

Indicate whether a public definition been established describing precisely the respective business relationships between the parent company and the listed subsidiary, and between the listed subsidiary and other group companies:

NO

Define any business relationships between the parent company and the listed subsidiary, and between the listed subsidiary and other group companies

Identify the mechanisms in place to resolve possible conflicts of interest between the listed subsidiary and other group companies:

Mechanisms for resolving conflicts of interest

D RISK CONTROL SYSTEMS

D.1. Describe the risk policy of the Company and/or its group, detailing and assessing the risks covered by the system, and justify why those systems conform to each type of risk.

1. Risk Management at FCC Group

As established in the eighth recommendation of the Unified Code of Corporate Governance for Listed Companies published by the CNMV, and as described in the eighth article of the Rules of the Board of Directors, among the Group's general policies and strategies that are reserved for the approval of the Board of Directors due to their impact on the Company's business are the risk control and management policies and the regular monitoring of internal reporting and control systems.

The Board of Directors is supported in this regard by the different governing bodies and Committees described in part D.3. FCC's general commitment to risk management takes the form of a series of corporate policies, including those established in the Manual of General Standards, a specific, universal and dynamic risk management system and other risk control systems that are described later in this section.

2. General Rules of Organisation and Operation

The Group's general organisational and operating rules provide the framework applicable to all members of the organisation, the powers vested at each hierarchical level and the basic principles guiding the operating processes in order to mitigate the most significant risks. These principles serve as the foundation for the more specific rules governing the processes in each business area or function. The Manual of General Standards, which encompasses all of these, is divided into different sections, chapters and parts:

3. Risk management system

3.1 Organisation and operation

FCC Group has a comprehensive risk management policy, which is gradually being extended, that will enable it to deal effectively with all of the risks to which its business operations are exposed. The chosen model includes devising an advance risk map using Enterprise Risk Management (Coso II) methodology which provides management with valuable information and contributes to the definition of the Group's strategy. The tool is used at the regularly scheduled risk Committee meetings to analyse and evaluate the risks of the different business areas.

Supported by the people responsible for risk management in the different business areas, as 'risk management coordinators', the Group Management is currently in the process of redefining and improving the management of the above-mentioned risks, including those related to financial reporting and the drawing up of those reports, both in the definition and assignment of responsibilities on risk management in the operating area and in the preparation of procedures and methods, which include:

- Identifying key risks for FCC Group based on the potential threat they pose to the achievement of the Group's objectives.
- Evaluating risks. The risk evaluation scales are defined in terms of the potential impact they could have if they were to materialise and the likelihood that they will occur.
- Additionally, for risks exceeding the Risk Accepted for each sector of activity, the necessary action plans are established with corrective measures to keep their critical levels within the Accepted Risk area. These action plans include the actions needed to reinforce existing controls and they even incorporate new controls thereto.
- From time to time Risk Committees are held in the different Business Areas, analysing the identified risks and monitoring them.
- Mechanisms for periodically reporting the results of the risk evaluation and monitoring process.
- Implementation of specific procedures for documenting risk management in the decision-making process.

3.2. Risk Classification

FCC Group, in keeping with the best business practices in this field and applying the Coso II methodology, has classified its risks as follows:

- a) Strategic risks. These are the key risks related to the Group's strategy and hence managed on a priority basis. These risks are related to the markets/countries/sectors where FCC Group operates. Also included in this category are reputational, innovation and economic planning risks.
- b) Operating risks. These risks are related to operations management and the value chain of each one of the business areas where FCC Group operates. They include the risks related to tender and contracting processes, selection of partners, subcontractors and suppliers, human resource management and permanent personnel training.
- c) Compliance risks. These are the risks affecting internal and external regulatory compliance, including those relative to the compliance with FCC Group's code of ethics, compliance with applicable laws regarding legal, fiscal, ICFR, data protection, quality, environmental, information safety and occupational risk prevention matters.
- d) Financial risk. Risks associated with the financial markets and with the generation and management of cash. Financial risks include those related to liquidity, cash management, access to financial market, exchange rates and interest rates.

4. Risk control systems

4.1 Strategic risk control

The key systems for controlling strategic risks include the following:

Strategic/market/country planning

FCC Group's strategic planning process identifies the objectives to be met in each business area based on the improvements to be introduced, the market opportunities present and the level of risk considered acceptable. On the basis of this process, the Group designs operating plans specifying the targets to be achieved each year.

To mitigate the market risks inherent to each line of business, the Group maintains a diversified position between businesses related to infrastructure construction and management, environmental services, energy and others. In the field of geographic diversification, in 2012 foreign activity accounted for 57% of total sales, being particularly important in the Group's most significant areas, infrastructure

construction and environmental services.

Technological capacity/Innovation

FCC Group is aware that its success in the highly competitive markets where it operates depends on offering clients added value through technical and economic capabilities. In this regard, FCC Group is very active in the field of technological research and innovation and also places a great deal of importance on the on-going training of its personnel.

FCC has outsourced the management of its information infrastructure and telecommunications systems. FCC Group has also implemented a common information system which is intended to cover its individual financial reporting needs and to standardise the process of consolidating the Group's economic-financial information. Furthermore, the Group is currently in the process of redesigning and implementing a corporate command and control centre that will automatically provide management indicators, which will increase the quantity and quality of the information available to management.

In terms of supplier, purchasing and billing management, personnel training and offer presentation, FCC Group is implementing new technological systems intended to mitigate the risk of material error and fraud. These systems are described in other sections of this report.

Reputation management / Corporate governance

Reputation management is part of FCC Group's Code of Ethics and of the work developed in matters related to Corporate Responsibility and ethics. Social responsibility policies are an integral part of FCC Group's philosophy which holds that the operation of a business requires a firm commitment to Society.

Once again in 2012, the Company's corporate responsibility performance and results have been recognised by a number of renowned independent observers. Most notable among them, the selective responsible investment indices DJSI World, Stoxx. FTSE4good, the FTSE Ibex 35.

The Spanish Carbon Disclosure Project (CDP) report recognised FCC for its system of analysing risks and opportunities in the field of climate change.

4.2. Operating risk control systems

Some of the most significant operating risk control systems for FCC Group are listed below:

Contracting and tendering management systems

The risks and opportunities arising during the tendering and contracting process constitute one of the main challenges faced by FCC Group. The Company has formally established policies and procedures that focus on technical quality, technological capacity, economic feasibility and competitive bidding. Accordingly, the process of preparing, presenting and monitoring bids must be authorised at various levels within the organisation, the main bid preparation tasks being entrusted to the highly qualified technical staff of the specific departments. To this end, FCC Group is in the process of implementing a specific risk management procedure for bidding, contracting and execution phases.

Selection of partners, subcontracting and suppliers

The Group has a rigorous process for selecting the partners with whom it works in different business areas which consists of applying the procedures contained in FCC Group's Manual of General Standards.

The risks associated with subcontracting are controlled by uniformly applying the subcontracting model established by FCC Group in accordance with the aforementioned Manual of General Standards, which establishes a protocol of action indicating the minimum requirements for FCC Group companies to be able to subcontract public or private sector contracts.

The Human Resources Manual also defines the labour responsibilities assumed by FCC Group in connection with the personnel subcontracted for projects or services.

Regarding supplier management, the e-commerce platform implemented by FCC Group makes it possible to manage all of the processes on the procurement and supply chain as well as supplier relations, from requests for proposals to billing, all of which is handled electronically to minimise the risk of material errors and fraud.

Personnel management and on-going personnel training

FCC Group is working on an ambitious project to modernise its information system and personnel management system, incorporating all of the information into a single, global database for the entire Group in order to support and facilitate the human resources management process.

The project also includes a SAP computer tool for designing and implementing the payrolls of all FCC Group companies in Spain in order to enhance the security, quality and uniformity of the payroll process.

To coordinate the entire process and mitigate the risks involved, FCC Group has created a 'shared services centre' where these projects are being carried out.

FCC Group has training procedures in place which take the form of structured training plans based on both regularly scheduled basic and refresher training courses as well as 'ad hoc' training to cover specific needs as they arise. In particular, FCC Group has training plans in place for all personnel involved in the preparation of the Group's financial statements. This plan is constantly being updated to adapt to the business and regulatory environments in which FCC Group's companies are operating and to stay abreast of changes to International Financial Reporting Standards and the regulation and evolution of internal controls on financial reporting.

In the 2012 Corporate Training Plan specific training has been included related to Risk Management, including risks associated to ICFR and its evaluation, as well as criminal risks derived from the responsibility of legal entities.

4.3. Compliance risk control systems

The key systems for controlling regulatory compliance risks are as follows:

Code of Ethics

FCC Group has a Code of Ethics in place that regulates the guiding principles of Group employees' conduct and the relations between Group employees and other stakeholders. Compliance with the Code of Ethics is mandatory for all Group employees and for those third parties who accept it voluntarily.

FCC Group's Code of Ethics is a tool for guiding the Group's actions in matters of a social, environmental or ethical nature of certain significance. The Group offers an online training tool for the Code of Ethics. Persons bound by the Code of Ethics have the obligation to report any breaches of the Code. To do so, they may use the established channels and procedures to report incidents confidentially, in good faith and without fear of reprisals. FCC Group has established a general communication procedure for matters related to the Code of Ethics, and motivated by the recent reform of the Criminal Code, FCC Group has drafted a Crime Response and Prevention Manual which is explained in the following section on legal risk management.

Legal risk management systems

FCC Group has implemented procedures to guarantee compliance with the laws regulating each one of the Group's business activities. The departments that specialize in regulatory compliance stay abreast of regulatory changes, advising the Group's units accordingly and issuing standards as needed to standardize the Group's criteria and guarantee compliance with the law.

For operations outside of Spain, FCC Group seeks legal advice from local professionals in relation to the specific laws and regulations that affect the Group's business in each country.

Regarding the recent reform of the Criminal Code as it relates to the criminal liability of legal entities, FCC Group has drafted a Crime Response and Prevention Manual which has two clearly differentiated parts:

The first part deals with prevention and consists of identifying and updating any conduct within the Group that may involve the risk of committing a crime and then planning and implementing controls to mitigate these risks. To do so, the Group has set up certain oversight bodies and mandatory procedures. In the year 2012 a report was drawn up on the operation of the internal controls established in the catalogue of priority of offences and risk behaviours.

The second part deals with the bodes and procedures implemented to respond to behaviours which could constitute the commission of a violation within FCC Group, especially conduct which could be interpreted as illegal.

Fiscal risk management systems

Within the context of the delegation of powers agreed by the Board of Directors and the Chairman and the business model established in the FCC General Standards and the Financial-Economic Manual, in addition to the specific powers vested in the person responsible for the Fiscal Division, the functions of this Division include: proposing standards relative to the Group's fiscal policies; advising on and coordinating corporate acquisitions and reorganisations; and providing advice to the different business areas in connection with their activities.

In addition, in order to minimise fiscal risks and ensure proper reporting and control, FCC, along with other large Spanish Corporations and the Spanish tax authorities, is a signatory to the Code of Good Tax Practices approved by the Business Forum, and it complies with the contents thereof. In compliance with the terms of the Code, the Tax Division reports to the Audit and Control Committee on the Group's tax policies through the Directorate General of Administration and Information Technology.

Internal Control over Financial Reporting (ICFR)

Publicly listed companies are obligated to disclose information in the Annual Corporate Governance Report (ACGR) on their Internal Control over Financial Reporting (hereinafter ICFR) and the Audit Committees of publicly listed companies have assumed new internal control responsibilities as well.

In this regard and in connection with the good practices proposed in the report published by the CNMV, FCC Group has prepared an ICFR Report for 2012 which is enclosed with this Annual Corporate Governance Report and has been subject to an external audit.

Personal data protection systems

The processing of personal data, primarily for compliance with the Data Protection Act (LOPD) is specifically regulated in the markets where FCC operates. To manage the risk of non-compliance, there is a programme that measures the impact on each business area and then establishes the necessary legal, organisational and technical controls in each case. This programme defines the legal, organisational and technical controls necessary for each case.

Quality assurance systems

Formal quality control systems are firmly in place in the different activity areas of FCC Group. These systems have been ISO 9001 certified and regularly pass the periodic evaluations performed by external professionals.

The quality control committees in the different areas of the Group are the supreme executive bodies with the authority to establish guidelines, oversee compliance and review systems.

Environmental management systems

FCC Group's business areas apply environmental management systems that focus on:

- a) Compliance with the environmental regulations applicable to the activities of each area.
- b) Establishment and attainment of continuous improvement targets beyond those required by prevailing legislation or contracts.
- c) Minimising environmental impacts through proper operational control.
- d) An on-going analysis of risks and possible improvements.

By implementing these quality assurance systems in the different business units according to UNE-EN, the Group has obtained ISO 14001 certification for its Environmental Management System.

Information security systems

FCC Group has an operating unit entrusted with analysing and mitigating the factors that could lead to a security failure in its information systems.

For each new project that involves changes to FCC Group's information system, the risks are analysed to determine the specific threats and define the pertinent measures. With regard to information processing risk, FCC Group has established a Corporate Information Security Policy laying down common information management criteria to mitigate those risks which could affect the confidentiality, availability and integrity of information. These criteria are based on the international standards of the International Standardisation Organisation (ISO) contained in the ISO 27000 family.

As a consequence of this policy, the Company has defined a Code of Conduct for the use of information technologies and different protocols for managing incidents in relation thereto. Controls have been implemented to guarantee user access to the resources for which they are authorised based on their need to know and their assigned roles.

FCC Group has a monitoring system known as 'Data Leak Prevention' to detect and prevent the risk of classified data leaks through information systems.

FCC Group has a Security Operation Centre (SOC) that operates 24/7 to address the growing threat of attacks from the internet and information leaks.

As mentioned above, FCC Group has outsourced the rendering of information infrastructure management services. Furthermore, investments are being made to standardise the architecture of FCC's system and to remove any differences between the environments managed by Group companies in terms of availability and integrity.

FCC has thus guaranteed the efficient use of its information system while ensuring the most effective operation and management of its information system based on best practices for information technology service management (ITSM).

Occupational risk prevention systems

One of FCC Group's priorities is to guarantee top level health and safety of its personnel and to strictly comply with all labour legislation, as evidenced by the Occupational Risk Prevention Policy approved by the Board of Directors. To achieve this, occupational risk prevention systems have been implemented in all business areas and the Group companies received OHSAS 18001 certification, successfully passing the periodic evaluations conducted by external professionals.

For standardisation purposes and as a global management instrument to ensure that the organisation's standards are met, a new Corporate Occupational Health and Safety Manual that entered into force in 2012, the guidelines of which are being incorporated into existing management systems. This is aimed at permanently reducing occupational accidents with a horizon of 'Zero Accidents'.

The certification of the occupational risk prevention management systems has been incorporated as a global strategic objective in Human Resources.

4.4. Financial risk control systems

Financial risk refers to changes in the value of financial instruments contracted by FCC Group due to political, market and other factors, and the effect of such changes on the financial statements. FCC Group's risk management philosophy is consistent with its business strategy, as it strives for maximum solvency and efficiency at all times. In that regard, the Group has set out stringent financial risk management and control criteria for identifying, measuring, analysing and controlling the risks faced in the course of the Group's operations. This risk policy is correctly integrated into the Group's organisational structure.

In view of the activities of FCC Group and the transactions through which it carries on its business, it is currently exposed to the following financial risks:

Capital risk

FCC Group manages its capital to ensure that FCC Group companies are able to continue as profitable businesses, while maximising shareholder returns.

FCC Group's overall strategy continues to focus on geographical diversification, developing and expanding activities in OECD countries and selectively in emerging economies.

The Finance Department that is responsible for the management of financial risks, periodically reviews the capital structure of subsidiaries as well as the debt-equity ratio and compliance with the financing covenants.

Interest rate risk

In order to ensure a position that is in FCC Group's best interest, an interest-rate risk management policy is actively implemented, constantly monitoring the market and taking different positions mainly depending on the asset that is financed.

Foreign exchange risk

A noteworthy consequence of FCC Group's positioning in international markets is the exposure resulting from net positions in foreign currencies against the euro or in one foreign currency against another when the investment and financing of an activity cannot be made in the same currency. FCC Group's general policy is to mitigate, as far as possible, the adverse effect on its financial statements of exposure to foreign currencies, with regard to both transactional and purely equity-related changes. FCC Group therefore manages the effect that foreign currency risk can have on the balance sheet and the income statement.

Solvency risk

The most relevant ratio for measuring solvency and repayment capacity is: the Net Debt/EBITDA ratio. FCC Group's ratios are reasonable and comply with the covenants agreed with lenders.

Liquidity risk

This risk arises from timing differences between the resources generated by the business and the need for financing.

To properly manage this risk, FCC monitors the maturity dates on the policies and financing agreements of all Group companies very closely in order to negotiate the renewals in a timely manner under the best conditions the market has to offer. The conditions of the financing are analysed on a case-by-case basis and if they are found not to be advantageous to the Group alternatives are considered.

Also, with the purpose of mitigating liquidity risk, FCC Group is present in various markets in order to facilitate the obtainment of financing.

Concentration risk

This risk arises from the concentration of financing transactions with common features and is broken down as follows:

- Sources of financing: In order to diversify this risk, FCC Group works with a large number of domestic and international financial

institutions to obtain financing.

- Markets/geographical area (Spanish, abroad): FCC Group operates in a wide variety of markets in Spain and other countries; the Group's debt is denominated primarily in euros and the rest is in various international markets with different currencies.
- Products: FCC Group uses diverse financial products: loans, credit facilities, debentures, syndicated operations, assignments, discounts, etc.
- Currency: FCC Group finances its operations using a number of different currencies depending on the country where the investment is being made.

Credit risk

Rendering services to or accepting orders from clients whose financial soundness is not guaranteed at the time of acceptance or which cannot be evaluated by the Group as well as situations that may occur during the rendering of the service or fulfilment of the order that can affect a client's financial situation can give rise to the risk of outstanding balances not being paid.

FCC Group obtains commercial reports and evaluates the financial solvency of clients before entering into agreements with them and then monitors their solvency on a regular basis. There is a procedure in place for dealing with cases of insolvency. For public sector clients, FCC Group has a policy of not accepting work that does not have an assigned budget and prior economic approval. Proposals for work that exceed a particular payment deadline must be authorised by the Director of Finance. Defaults are monitored continuously with specific bodies such as risk committees.

Risk-hedging financial derivatives

Generally speaking, the financial derivatives contracted by FCC Group are treated, from an accounting perspective, as provided for in the rules governing accounting hedges, as explained in the Notes to the Consolidated Financial Statements. The main financial risk hedged by FCC Group using derivatives is the variation in floating interest rates to which FCC Group companies' finance is referenced. The financial derivatives are measured by experts on the subject using generally accepted methods and techniques. These experts are independent from the Group and the entities financing it.

D.2 State whether operating, technological, financial, legal, reputational, tax or other risks arisen during the year with an effect on the Company and/or group:

YES

If so, indicate the circumstances giving rise to them and whether the established control systems worked.

Risk that materialised in the year

Cut-backs in investments forecast by Public Administration bodies and private customers.

Circumstances that gave rise to it

As a consequence of the current economic and financial crisis, there have been cuts and investment restrictions for the construction of infrastructures for domestic clients.

Budget adjustments required because of the implementation of the Budget Stability Act have led to reviews of services rendered to levels sustainable according to clients Budget availability.

This has led to a lower demand of cement, with a significant decline of sales and EBITDA.

How the control systems operated

This situation has been mitigated by increasing presence abroad, selectively in certain geographical markets, and by incorporating new contracts with a growth of the portfolio of Works abroad.

The continuing sales relationship with clients involved has allowed for the modulation of the services rendered without losing orders and keeping up the market share in Spain.

Also, a restructuring plan has been implemented in the cement area in order to adjust the operating and production capacity starting in the second half of the year.

Risk that materialised in the year

Country risk. Insufficient knowledge of some local markets.

Circumstances that gave rise to it

Insufficient knowledge of certain foreign markets has led to the reprogramming of works, leaving certain construction markets, with the subsequent negative effect on the Group's financial statements.

How the control systems operated

In 2012 there was the implementation of a comprehensive strategic, operational and financial reorganisation in the markets where those risks materialised, with the purpose of mitigating them.

Risk that materialised in the year

Limitations in the access to financial markets and to refinancing.

Circumstances that gave rise to it

The current financial and economic crisis has caused difficulties in terms of accessing the Group's sources of financing, or refinancing the existing ones, in the best possible conditions, with the subsequent negative effect on the Group's financial statements.

How the control systems operated

In order to mitigate this risk, FCC Group works with over 140 domestic and international financial institutions to obtain financing.

It also closely monitors the maturity of policies and financing in order to renew them in a timely manner, analysing the most favourable alternatives on the market.

Risk that materialised in the year

Insecurity in terms of legislation.

Circumstances that gave rise to it

Recent legislative changes in the field of Energy have caused the reduction of future revenues from the production of renewable energies, with the subsequent negative impact on the business models.

Also, the unilateral amendment of the regulations in force for the rendering of certain public services has led to a significant decline in revenues and to the incorporation of entry barriers that were formerly not considered.

How the control systems operated

The returns or profitability of projects in the new legislative scenarios is being analysed, including a process of geographic and technology diversification.

Risk that materialised in the year

Improvements in terms of delays in collecting funds for executed works or services rendered.

Circumstances that gave rise to it

The Supplier Payment Fund Act in 2012 allowed the Group to reduce the effects of this risk.

How the control systems operated

—

D.3 Indicate whether there are any committees or governing bodies entrusted with establishing and supervising these control mechanisms.

YES

If so, detail their functions.

Name of Committee or Body

Executive Committee

Description of functions

The Board may permanently delegate in the Executive Committee each and every one of the powers of the Board of Directors

with the exception of those which are reserved by law or the bylaws for the Board. Like the plenary Board, the Committee ensures that the FCC Group's organisation structure, planning systems and management processes are designed to deal effectively with the different risks to which the FCC Group's business is exposed.

Name of Committee or Body

Auditing and Control Committee

Description of functions

According to article 41 of the Rules of the Board of Directors and as established in Recommendation 50 of the Unified Code of Corporate Governance for Listed Companies, the principal function of the Audit Committee is to support the Board of Directors in its supervisory and oversight efforts, particularly with regard to risk management and control policies and the supervision of the Company's internal audit services.

Name of Committee or Body

Management Committee

Description of functions

The Management Committee is chaired by the Chairman and CEO of FCC Group and composed of members assigned to the Committee by the plenary Board of Directors. Its functions include reviewing the FCC Group's financial information on a monthly basis, especially when the information must be reported to the CNMV, monitoring the FCC Group's risk map and implementing the actions plans needed to mitigate the most significant risks identified.

Name of Committee or Body

Strategy Committee

Description of functions

The Strategy Committee supports the Board of Directors in determining the Group's strategy based on the guidelines agreed by the Board, preparing the corresponding reports and proposed agreements in this regard. The Strategy Committee is responsible for ensuring that the objectives of the strategy plan can be achieved by the Company assuming an acceptable level of controlled risk so as to protect the interests of shareholders, other stakeholders and society in general, as well as the Group's reputation.

Name of Committee or Body

Information Technology Committee

Description of functions

The Information Technology (IT) Committee, chaired by the Chairman and CEO, establishes IT and telecommunications strategy for the entire Group, striving for uniformity in the actions taken in this area by the different business areas in order to obtain important synergies.

D.4 Identify and describe the compliance processes for each legislative framework to which the Company and/or group is subject.

FCC Group has procedures in place to guarantee compliance with the regulations governing each one of its economic activities. Different departments within the Group specialise in the regulations applicable to the Company and the Group.

These departments are in charge of:

- Staying fully abreast of and up to date on the different regulations
- Overseeing regulatory compliance
- Drafting the standards needed to unify Group criteria
- Advising operating units

The economic activities carried out in countries other than Spain receive local advice in relation to the specific regulations and laws affecting the FCC Group's business operations in those countries. The managers of the different business units collaborate with corporate on risk management.

As stipulated in the Rules of the Board of Directors, the Audit and Control Committee oversees compliance with legal requirements and the Company's internal control process adhering to the principles contained in the risk management policies approved by the FCC Group's Board of Directors at any given time.

E – GENERAL MEETING

E.1 Indicate whether there are any differences between the minimum requirements established in the Public Limited Companies Act (LSA) and the quorum required for a General Meeting to be held and, of appropriate, detail them.

YES

	Quorum percentage other than that established in art. 102 of LSA for general cases	Quorum percentage other than that established in art. 103 of LSA for special cases
Quorum required at first call	50,000	0
Quorum required at second call	45,000	45,000

Description of differences
The ordinary and extraordinary General Meetings are quorate when: The shareholders present or represented at first call possess at least fifty per cent of the share capital with voting rights. At second call, the General Meeting is quorate when the shareholders present or represented possess at least forty-five per cent of the share capital with voting rights. In order for the General Meeting to validly decide on bond issues, capital increases or decreases, changes of corporate form, mergers and spinoffs, the assignment en bloc of assets and liabilities, to suspend or limit the pre-emptive right to acquire new shares, the transfer of the Company's domicile to another country and, in general, any amendment to the Bylaws, shareholders possessing at least fifty per cent of the share capital with voting rights must be present or represented at the meeting at first call. At second call, it will suffice for shareholders accounting for at least forty-five per cent of the subscribed voting capital to be present or represented. When the shareholders in attendance or represented at second call account for less than fifty per cent of the subscribed capital with voting rights, the types of resolutions referred to above may only be validly passed with the favourable vote of two-thirds of the share capital present or represented at the Meeting.

E.2 Indicate whether there are differences in respect of the system established in the Public Limited Companies Act (LSA) for the adoption of corporate resolutions and, if appropriate, describe them.

NO

Describe the differences in respect of the system provided in LSA.

E. 3 Detail shareholders' rights in relation to general meetings that differ from those established in the Public Limited Companies Act.

There are no differences with respect to the rights set out in the Capital Companies Act.

E.4 Indicate any measures adopted to encourage shareholders to participate in general meetings, if appropriate.

The Rules of the General Meeting establish a series of measures intended to encourage shareholder participation at the General Meeting. These measures are defined in the shareholders' information rights regulated in the following articles:

Article 6. Information available as soon as the General Meeting is announced

As from the date of the notification of the meeting, the Company will make available to its shareholders, at its registered offices, at the National Securities Market Commission, on the stock exchanges where its stocks are traded and on the Company's website, the following:

- The full text of the notice of the meeting.
- The total number of shares and voting rights on the date of the notice, broken down by classes of shares, if any.
- The full text of all of the motions to be submitted by the Board of Directors in relation to the items on the agenda, as well as the motions presented by shareholders as they are received.

When the proposal consists of the appointment or ratification of directors, the following information with regard to the directors will also be included: (i) professional and biographical profile; (ii) other Boards of Directors to which they belong, both listed and unlisted companies; (iii) indication of the category of director to which they belong, specifying, in the case of proprietary directors, the shareholder at whose request the appointment, ratification or re-election has been proposed, or with whom they have ties; (iv) date of

their first appointment as a director of the Company, and date of their subsequent appointments; (v) Company shares and share options which they possess.

d) The documents or information that will be presented at the meeting, which by law must be made available to the shareholders on the items on the meeting agenda as from the date of the notification of the General Meeting of Shareholders.

e) Information on the channels of communication between the Company and its shareholders for the purposes of obtaining information or making suggestions, in accordance with the applicable regulations.

f) The means and procedures of appointing proxies for the General Meeting, as well as for exercising distance voting rights. In particular, the forms for accrediting attendance and for voting by proxy and remotely at the General Meeting, except when they are sent directly by the Company to each shareholder. In the event they cannot be published on the website owing to technical reasons, the Company must indicate how hard copy forms may be obtained, and these are to be sent to any shareholders requesting them.

g) The rules of operation of the Shareholders' Electronic Forum

Article 7. Right to Information prior to the General Meeting

1. Up to seven calendar days before the first scheduled date for the Meeting, at the first call, shareholders may request any information or explanations they require and raise any questions they consider pertinent regarding the items on the agenda or the information accessible to the public reported by the Company to the National Securities Market Commission since the last General Meeting and on the audit report.

2. Information requests may be made by e-mail to the address provided for this purpose on the Company's website for each General Meeting or in writing to the Stock Market and Investor Relations Department at the Company's registered offices, delivered by hand, post or courier. The provisions of this article are understood without prejudice to the shareholders' right to obtain a printed copy of the documents and to request that the documents be sent to them, free of charge, when so stipulated by law.

3. Once the identity and status of the requesting shareholder is verified, the information requests regulated in this article will be answered up to the date of the General Meeting of Shareholders but prior to the start of the meeting.

4. The Chairman may refuse to supply the requested information when, in his opinion, the publication of the requested information might be detrimental to the Company's interests, except when the request is backed by shareholders representing at least one-fourth of the share capital.

5. The Board of Directors may empower any of its members, its Secretary and Vice-Secretary to answer shareholders' requests for information through the Stock Market and Investor Relations Department.

6. Subject to the foregoing, the directors shall not be obligated to reply to shareholder questions when, prior to the question, the requested information is clearly and directly available for all shareholders on the Company website in Q&A format.

Article 14. Information.

1. The Directors must provide the information requested by shareholders, except under the circumstances envisaged in Article 7.4 of these rules or when the requested information is not available during the meeting. In this case, the information will be provided in writing within seven days from the meeting date, to which end the shareholders will indicate the mailing address where the information should be sent.

2. The requested information or clarifications will be provided by the Chairman or, at the Chairman's request, by the CEO, the Chairman of the Audit Committee, the Secretary, a Director or any employee or expert on the subject in question, if suitable, in accordance with Article 9.2 of these Rules.

Article 15. Voting on Proposals

1. Upon conclusion of the shareholders' discourses and once the questions have been answered as provided for in these Rules, the proposed resolutions in the agenda and any others which by law need not be included in the agenda will be voted on.

2. The Secretary will ask the shareholders whether or not they wish to have the proposed resolutions read, the text of which was delivered to the shareholders before the meeting and is available on the Company's website. If any shareholder wishes them to be read or if the Chairman deems it appropriate, the proposed resolutions will be read aloud. In any event, the shareholders will be informed of the agenda item to which each proposed resolution refers that will be put to a vote.

3. Notwithstanding the alternative systems which may be employed by the Chairman, the procedure for voting on the proposed resolutions referred to above will be as follows:

a) The system for voting on the proposed resolutions relating to the items on the agenda will be by a negative deduction system. This means that, for each proposal, the votes corresponding to all of the shares present and represented will be considered as votes in favour, deducting those corresponding to the shares whose owners or representatives state that they are voting against or abstaining, to which will be added the votes corresponding to proxies received by the Board of Directors, indicating whether voters are against the motion or abstentions. Votes against and abstentions will be counted separately.

b) The system for voting on the proposed resolutions relating to items not on the agenda, when such proposals may legitimately be voted upon, will be a positive deduction system. This means that for each proposal, the votes corresponding to all of the shares present and represented will be considered votes against, deducting those corresponding to the shares whose owners or representatives state that they are voting for the proposal or abstaining.

c) When technically possible and provided that compliance with all legal requirements can be guaranteed, the Board of Directors may establish the use of electronic vote counting systems.

d) Issues which are substantially independent will be voted on separately so that the shareholders can exercise separately their voting preferences; this rule will be applied when adopting resolutions on: (i) the appointment or ratification of directors, which must be voted on individually; and (ii) amendments to the Bylaws where each article or group of articles is substantially independent.

f) Provided that it is legally possible and that the requirements provided for in this respect are met, financial intermediaries who are legitimised as shareholders, but who act on behalf of different customers, will be allowed to split the vote as per the instructions of their customers.

4. The statements containing votes submitted to the notary or the meeting officers as envisaged in paragraph 3 above may be made individually for each of the proposals or jointly for several or all of them, indicating to the notary or the officers the identity of the shareholder or representative, the number of shares in question, and whether the shareholder/representative votes in favour or against, or

abstains.

Article 15 bis. Distance voting

1. Shareholders may vote on proposals of items on the agenda by post, electronically or by any other distance communication medium allowing to duly guarantee the shareholder's identity and, if appropriate, the security of electronic communications, all pursuant to the law in force from time to time.

2. In order to cast votes by post, shareholders may send the Company a written document specifying their vote or abstention, together with the attendance card issued in their name by the Company or by the entity or entities in charge of the book entries. However, the attendance card, duly filled in and signed, may suffice when it is established that it may be used for the purpose of distance voting.

3. Votes by electronic communication shall be cast using a recognised electronic signature or any other type of guarantee that the Board of Directors deems fit to ensure the authenticity and the identification of the shareholder exercising his/her voting right, which is to be accompanied by a Copy of the attendance card in an unalterable electronic format.

Subject to the foregoing, the Company may create on its website a specific software application for exercising distance voting rights, in which case it will not be necessary to send a Copy in an unalterable electronic format of the documents stated in the preceding section.

4. Votes cast by any of the means provided in the preceding sections must be received by the Company before 12 midnight of the day immediately prior to that scheduled for the General Meeting to be held at first call. Otherwise, the vote shall be deemed as not having been cast.

5. Votes cast at a distance as referred to in this article shall be void:

a) When subsequently and expressly revoked via the same means used to cast the vote and within the term established for voting.

b) When the shareholder who cast the vote attends the meeting in person.

6. The Board of Directors is authorised to develop the preceding provisions, establishing the rules, means and procedures suited to the state of technique to implement the casting of votes and the appointment of proxies by electronic means, adjusting, as the case may be, to the rules passed for the purpose and to the Bylaws.

In particular, the Board of Directors may (i) regulate the use of guarantees as alternatives to the electronic signature for casting votes electronically according to the provisions under section 3 above and (ii) reduce the term established in section 4 above regarding the deadline for the Company to receive votes cast by post or by electronic mail.

In any event, the Board of Directors shall adopt precise measures to avoid possible duplications and to ensure that those casting their vote or appointing a proxy by post or electronically are legitimated for the purpose pursuant to the provisions in the Bylaws and in these Rules.

7. The developing rules which, as the case may be, are adopted by the Board of Directors pursuant to the provisions in this Article shall be published on the Company's website.

Article 20. Shareholders' Electronic Forum

Around the time of each General Meeting of Shareholders, an electronic forum will be set up for shareholders on the Company's website which will be available to individual Company shareholders and voluntary shareholders' associations validly formed and registered in the special register of the Spanish National Securities Market Commission to facilitate communications between the Company and its shareholders with regard to the call. The website will be available up to the date of the general meeting.

The rules of operation of the Forum are included as an exhibit to the Rules of the General Meeting.

E. 5 Indicate whether the position of chairperson of the General Meeting coincides with that of the chairperson of the Board of Directors. Detail any measures adopted to guarantee the independence and smooth operation of the General Meeting:

Detail the measures
Article 10.2 of the Rules of the General Meeting of Shareholders establishes that, '2. The General Meeting of Shareholders shall be presided over by the Chairman and, in his absence, by the Vice-Chairmen of the Board of Directors, in order; if there is no pre-set order, it will go in order of seniority on the Board. If there is no Vice-Chairman in attendance, the General Meeting will be chaired by the oldest director.' Measures to guarantee the independent and smooth operation of the General Meeting: The Rules of the General Meeting of Shareholders, which are available on the Company's website, contain a detailed set of measures to guarantee the independence and good working of the General Meeting. They include, notably, Article 7 'Right to Information prior to the General Meeting of Shareholders' 1. Up to seven calendar days before the first call for the Meeting, shareholders may request any information or explanations they require and raise any questions they consider pertinent regarding the items on the agenda or the information accessible to the public reported by the Company to the National Securities Market Commission since the last General Meeting and related to the auditor's report. 2. Information requests may be made by e-mail to the address provided for this purpose on the Company's website for each General Meeting of Shareholders or in writing to the Stock Market and Investor Relations Department at the Company's registered offices, delivered by hand, post or courier. The provisions of this article are understood without prejudice to the shareholders' right to obtain a printed copy of the documents and to request that the documents be sent to them, free of charge,

when so stipulated by law.

3. Once the identity and status of the requesting shareholder is verified, the information requests regulated in this article will be answered up to the date of the General Meeting of Shareholders but prior to the start of the meeting.
4. The Chairman may refuse to supply the requested information when, in his opinion, the publication of the requested information might be detrimental to the Company's interests, except when the request is backed by shareholders representing at least one-fourth of the share capital.
5. The Board of Directors may empower any of its members, its Secretary and Vice-Secretary to answer shareholders' requests for information through the Stock Market and Investor Relations Department.
6. Subject to the foregoing, the directors shall not be obligated to reply to shareholder questions when, prior to the question, the requested information is clearly and directly available for all shareholders on the Company website in Q&A format

Article 23 of the Bylaws establishes shareholders' right to information:

Shareholders may request, either in writing or using other electronic or distance communication media, up to seven calendar days before the date of the General Meeting at first call, any information or explanations they require or pose any questions they may have on the agenda items or about the information available to the public provided by the Company to the National Securities Market Commission since the last General Meeting was held. The information or explanation so requested will be provided by the directors in writing no later than the date of the General Meeting.

Any information or explanations requested verbally from the Chairman by the shareholders in relation to the items on the agenda during the General Meeting itself before the Meeting turns to the items contained in the agenda, or requested in writing up to the seventh day before the scheduled meeting date, will be provided verbally during the General Meeting by any one of the directors in attendance, at the Chairman's request. If the requested information or explanations refer to items falling under the jurisdiction of the Audit Committee, they shall be provided by any of the members or advisors to the Committee in attendance at the meeting. If in the Chairman's opinion it is not possible to provide the shareholder with the requested information or explanations during the Meeting, they will be provided in writing to the requesting shareholder within seven calendar days of the Meeting date.

The Directors are obliged to provide the information referred to in the two preceding paragraphs unless, in the Chairman's opinion, the publication of the requested information could be detrimental to the Company's interests.

This exception shall not apply when the request is supported by shareholders representing at least one-fourth of the share capital.

Subject to the foregoing, the directors shall not be obligated to reply to shareholder questions when, prior to the question, the requested information is clearly and directly available for all shareholders on the Company website in Q&A format.

The Company has a website which contains the legally-required information and through which the Company can respond to the shareholders' requests for information, according to the legislation in force at any given time.

E.6 Indicate, if applicable, the amendments made during the year to the Rules of the General Meeting.

At the last ordinary General Meeting of Shareholders held on 31 May 2012, a motion was passed to modify the Rules of the General Meeting.

The purpose of the amendment was to reform the Rules of the General Meeting of Shareholders of the Company, with the fundamental goal of adapting them to the recent legislative amendment incorporated to the Consolidated Text of the Capital Companies Act by Act 25/2011, of 1 August, on the partial reform of the Capital Companies Act and incorporation of Directive 2007/36/EC of the European Parliament and of the Council, of 11 July 2007, on the exercise of certain rights of shareholders in listed companies. Also, certain technical enhancements have been introduced for the harmonisation with other internal regulatory texts of the Company, in particular the Bylaws.

It was resolved to amend the following articles in order to adapt them to the current wording of the Capital Companies Act: Article 1 (General Meeting of Shareholders), Article 4 (Notice of General Meeting), Article 5 (Advertising the Notice), Article 6 (Information available from the date of the notice), Article 7 (Right to information before the General Meeting is held), Article 8 (Proxies), Article 11 (Quorum for the General Meeting of Shareholders), Article 16 (Adoption of resolutions and announcement of the result), and Article 15 bis (Publicity of resolutions).

It was also resolved to amend several articles with the purpose of incorporating technical enhancements or to harmonise them with other internal regulatory texts of the Company, in particular the Bylaws: Article 3 (Functions of the Meeting), Article 4 (Notice of General Meeting), Article 9 (Right and duty of attendance), Article 11 (Quorum for the General Meeting of Shareholders), Article 15 (Voting of proposals), and Article 15 bis (Distance voting).

E.7 Indicate the attendance data of the shareholders' meetings held in the year of this report:

Attendance figures					
Date of General Meeting:	% of attendance	% by proxy	% of distance vote		Total
			Electronic	Other	
31/05/2012	54.626	7.829	0.0	0.1	62.555

E.8. Briefly indicate the resolutions adopted by the general meetings held in the year of this report and the percentage of votes that approved each resolution.

In the year that this report refers to one General Meeting was held (the AGM of 31 May 2012). Below are the resolutions that were passed and the voting percentages for each of the resolutions:

One. Financial statements of the Company and its consolidated Group and the directors' reports for this period.

	%
Votes for	99.8313
Votes against	0.1681
Abstentions	0.0006
Blank votes	0.0000
Votes cast (*)	100.00

Two. Application of profits (loss) for the year 2011.

	%
Votes for	99.9862
Votes against	0.0132
Abstentions	0.0006
Blank votes	0.0000
Votes cast (*)	100.00

Three. Appointment and re-election of Directors.

	%
Votes for	99.9968
Votes against	0.0011
Abstentions	0.0021
Blank votes	0.0000
Votes cast (*)	100.00

Four. 1. Appointment of the Director B 1998, S.L.

	%
Votes for	97.9315
Votes against	2.0681
Abstentions	0.0004
Blank votes	0.0000
Votes cast (*)	100.00

Four. 2. Appointment of the Director Mr César Ortega Gómez

	%
Votes for	98.4737
Votes against	1.5259
Abstentions	0.0004
Blank votes	0.0000
Votes cast (*)	100.00

Five. 1. Amendment of the Bylaws in order to adapt their contents to recent legislative amendments in the field of Company Law.

	%
Votes for	99.9975
Votes against	0.0000
Abstentions	0.0025
Blank votes	0.0000
Votes cast (*)	100.00

Five. 2. Amendment of the Bylaws in order to make technical corrections or for coordination with the rest of the corporate texts.

	%
Votes for	99.8274
Votes against	0.0000
Abstentions	0.1726
Blank votes	0.0000
Votes cast (*)	100.00

Five. 3. Amendment of article 2 (Corporate purpose) of the Bylaws.

	%
Votes for	99.9975
Votes against	0.0000
Abstentions	0.0025
Blank votes	0.0000
Votes cast (*)	100.00

Five. 4. Amend of article 37 (Remuneration of the Board) of the Bylaws.

	Pct.
Votes for	99.8274
Votes against	0.0000
Abstentions	0.1726
Blank votes	0.0000
Votes cast (*)	100.00

Six. Amendment of the Rules of the General Meeting to update its contents in keeping with the recent legislative amendments in the field of Company Law.

	Pct.
Votes for	99.8280
Votes against	0.0000
Abstentions	0.1720
Blank votes	0.0000
Votes cast (*)	100.00

Seven. Approval of the Company's website.

	%
Votes for	99.9934
Votes against	0.0047
Abstentions	0.0019
Blank votes	0.0000
Votes cast (*)	100.00

Eight. Resolution on the term for calling Extraordinary General Meetings pursuant to the terms of article 515 of the Capital Companies Act

	%
Votes for	98.9565
Votes against	1.0416
Abstentions	0.0019
Blank votes	0.0000
Votes cast (*)	100.00

Nine. Extend the term granted to the Board of Directors by the Annual General Meeting of 10 June 2009 to execute the resolution of capital reduction.

	%
Votes for	99.8388
Votes against	0.1591
Abstentions	0.0021
Blank votes	0.0000
Votes cast (*)	100.00

Ten. Subjection of the annual report of the director remuneration policy, for consultation purposes.

	%
Votes for	96.0832
Votes against	3.9168
Abstentions	0.0000
Blank votes	0.0000
Votes cast (*)	100.00

Eleven. Grant of extensive powers to the directors for the development. Public recording, registration, correction and enforcement of resolutions adopted.

	%
Votes for	99.9978
Votes against	0.0001
Abstentions	0.0021
Blank votes	0.0000
Votes cast (*)	100.00

Twelve. Approval of the minutes of the Meeting.

There was no vote on this agenda item since the minutes were prepared by the notary public of Barcelona, Mr Santiago Gotor Sánchez.

(*) Percentage of voting capital present or represented at the Meeting (total valid votes).

E.9 Indicate whether there are any restrictions in the Bylaws establishing a minimum number of shares to be entitled to attend the General Meeting.

NO

E.10. Indicate and explain the Company's policy on delegating votes at the General Meeting.

Notwithstanding the provisions of Bylaws with respect to proxy voting, the Board of Directors does not require unnecessary formalities in the proxy voting procedure which might hinder the rights of shareholders wishing to exercise their right to attend the General Meeting. Nevertheless, pertinent procedures are in place to verify the validity of proxy authorisations.

E.11. Indicate whether the Company is aware of the institutional investors' policy of participation in company decisions:

NO

E.12. Give the address and instructions for accessing corporate governance content on your web page.

On the FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. website, www.fcc.es, there are specific sections on the home page under 'Information for shareholders and investors' and 'Corporate responsibility', which include the information required by Act 26/2003, of 18 July, the Ministry of Economy Order ECO/3722/2003, of 26 December, Circular 1/2004, of 17 March, of the National Stock Market Commission, the Ministry of Economy and Finance Order EHA/3050/2004, of 15 December, and Royal Decree 1333/2005, of 11 November.

This page is two clicks away from the home page. Its contents are structured in order by rank, under shortcut titles. All of its pages can be printed.

The FCC website has been designed and programmed according to the WAI (Web Accessibility Initiative) guidelines, which sets international standards for the creation of web contents accessible across the world. The AENOR Accessibility Consultants, after conducting a technical analysis of accessibility, established that the FCC Group website complies with all of the priority 2 and priority 1 checkpoints, according to the UNE 139803:2004 Standard, which is in turn based on the Web 1.0 Content Accessibility Guidelines of W3C (known as WAI guidelines).

The site includes a link to the FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. data reported to the CNMV website.

F – DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the Company's degree of compliance with the recommendations of the Unified Code of Corporate Governance. In the event of not complying with some recommendations, detail the recommendations, rules, practices or criteria applied by the Company.

1. The Bylaws of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the Company by means of share purchases on the market.

See sections: A.9, B.1.22, B.1.23 and E.1, E.2.

Complies

2. When a parent and a subsidiary company are stock market listed, the two should provide detailed disclosure on:

- a) The type of activity they engage in, and any business dealings between them, as well as between the subsidiary and other Group companies;
- b) The mechanisms in place to resolve possible conflicts of interest.

See sections: C.4 and C.7

Explain

Article 7.2.i) of the Rules of the Board of Directors provides that the Board of Directors is responsible for 'Defining the structure of the Group and coordinating, within the legal limits, the Group's general strategy in the interests of the Company and its subsidiaries with the support of the Strategy Committee and the CEO, and disclosing in the Annual Corporate Governance Report the respective areas of activity and any business relations between the Company and its listed subsidiaries that are part of the Group, and between those companies and the other Group companies, and the mechanisms established to resolve any conflicts of interest that may arise'.

3. Even when not expressly required under company Acts, any decisions involving a structural corporate change should be submitted to the General Shareholders' Meeting for approval or ratification. In particular:

- a) The transformation of listed companies into holding companies through the process of subsidiarisation, i.e. reallocating to subsidiaries core activities that were previously carried out by the original company, even though the latter retains full control of the former;
- b) Any acquisitions or disposals of key operating assets that would effectively alter the company's corporate purpose;
- c) Operations that are equivalent to the Company's liquidation.

Complies partially

Article 8.6 of the Rules of the Board of Directors establishes that the Board must seek the authorisation of the shareholders at the General Meeting prior to an acquisition or disposal of key operating assets that would effectively alter the corporate purpose of the Company or prior to any operations that are equivalent to the Company's liquidation.

To avoid impairing the Board of Directors' ability to operate, this does not include subsidiarisation operations, since these operations often require quick decisions for opportunity reasons and are governed by ample legal mechanisms to protect the interests of the shareholders and the Company. Nevertheless, the Board duly reports such operations at the General Meeting.

4. Detailed proposals of the resolutions to be adopted at the General Meeting of Shareholders, including the information stated in Recommendation 28, should be made available at the same time as the publication of the notice of Meeting.

Complies

5. Separate votes should be taken at the General Meeting of Shareholders on materially separate items, so shareholders can express their preferences in each case. This rule shall apply in particular to:

- a) The appointment or ratification of directors, with separate voting on each candidate;
- b) Amendments to the Bylaws, with votes taken on all articles or groups of articles that are materially different.

See section: E.8

Complies

6. Companies should allow split votes, so financial intermediaries acting as nominees on behalf of different clients can issue their votes according to instructions.

See section: E.4

Complies

7. The Board of Directors should perform its duties with unity of purpose and independent judgement, according all shareholders should be treated in the same way. It should be guided at all times by the Company's best interest and, as such, strive to maximise its value over time in a sustained manner.

It should likewise ensure that the Company abides by the laws and rules in its dealings with stakeholders; fulfils its obligations and contracts in good faith; respects the customs and good practices of the sectors and territories where it does business; and upholds any additional social responsibility principles it has subscribed to voluntarily.

Complies

8. The Board should seek, as core components of its mission, to approve the Company's strategy and the organisation required to carry it forward, and supervise and control that the management meets the objectives set while pursuing the Company's interests and corporate purpose. For such purpose, the Board in full should reserve the right to approve:

- a) The Company's general policies and strategies, and, in particular:
 - i) The strategic or business plan, management targets and annual budgets;
 - ii) The investment and financing policy;
 - iii) The design of the structure of the corporate group;
 - iv) The corporate governance policy;
 - v) The corporate social responsibility policy;
 - vi) The remuneration policy and the evaluation of the performance of senior officers;
 - vii) Risk control and management, and the periodic monitoring of internal information and control systems.
 - viii) The dividend policy, as well as the policies and limits applying to treasury shares.

See sections: B. 1.10, B.1.13, B.1.14 and D.3

- b) The following decisions:

- i) On the proposal of the Company's chief executive, the appointment and removal of senior officers, and their compensation clauses.

See section: B.1.14.

- ii) Directors' remuneration and, in the case of executive directors, the additional consideration for their management duties and other contract conditions.

See section: B. 1.14.

- iii) The financial information that all listed companies must periodically disclose.
 - iv) Investments or operations considered strategic by virtue of their amount or special characteristics, unless their approval corresponds to the General Meeting of Shareholders;
 - v) The creation or acquisition of shares in special purpose vehicles or entities resident in jurisdictions considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.

- c) Transactions which the Company conducts with directors, significant shareholders, shareholders with Board representation or other persons related thereto ('related-party transactions').

However, Board authorisation need not be required for related-party transactions that simultaneously meet the following three conditions:

1. They are governed by standard form agreements applied on an across-the-board basis to a large number of clients;
2. They are arranged at market rates, generally set by the person supplying the goods or services;
3. The amount is no more than 1% of the Company's annual revenues.

It is advisable that related-party transactions should only be approved on the basis of a favourable report from the Audit Committee or some other Committee entrusted with the same function; and that the directors involved should neither exercise nor delegate their votes, and should leave the meeting room while the Board debates and votes.

Ideally the above powers conferred to the Board should not be delegated with the exception of those mentioned in b) and c), which may be delegated to the Executive Committee in urgent cases and later ratified by the full Board.

See sections: C. 1 and C.6

Complies

9. In the interests of maximum effectiveness and participation, the Board of Directors should ideally comprise no fewer than five and no more than fifteen members.

See section: B.1.1

Explain

Article 27 of the Bylaws states that the Board of Directors shall comprise a minimum of five and a maximum of 22 members. As of 31 December 2011, there were 18 directors.

Given the characteristics of the Company, the size of the Board is considered to be appropriate for proper management, direction and administration of the Company's businesses. Furthermore, the size of the Board makes it possible for different types of directors to sit on the Board without jeopardising the Board's effectiveness.

10. External directors, both proprietary and independent, should occupy an ample majority of seats on the Board, while the number of executive directors should be the minimum required bearing in mind the complexity of the corporate group and the ownership interests they control.

See sections: A.2, A.3, B.1.3 and B.1.14

Complies

11. In the event that an external director can be deemed neither proprietary nor independent, the Company should disclose this circumstance and the links that person maintains with the Company or its senior officers, or its shareholders.

See section: B.1.3

Not applicable

12. That among external directors, the relation between proprietary members and independents should match the proportion between the capital represented on the Board by proprietary directors and the remainder of the Company's capital.

This proportional criterion can be relaxed so the weight of proprietary directors is greater than would strictly correspond to the total percentage of capital they represent:

1. In large capitalization companies where few or no equity stakes attain the legal threshold for significant shareholdings, but where there are shareholders with blocks of shares with high absolute value.

2. In companies with a plurality of shareholders represented on the Board that are not otherwise related.

See sections: B.1.3, A.2 and A.3

Complies

13. The number of independent directors should represent at least one third of all Board members.

See section: B.1.3

Explain

Article 6.3 of the Rules of the Board of Directors establishes that the Board of Directors must have an appropriate number of independent directors to ensure a reasonable balance between proprietary and independent Directors, and that external directors must represent an ample majority on the Board.

There are five independent Directors on the Board (which is very close to the 6 needed to comply with this recommendation). Pursuant to the OECD Principles of Corporate Governance and the Recommendation of the European Commission of 15 January 2006, it is understood that they are a sufficient number of independent Directors to guarantee that the interests of other shareholders are adequately protected.

14. The nature of each director should be explained to the General Meeting of Shareholders, which will make or ratify his or her appointment. Such determination should subsequently be confirmed or reviewed in each year's Annual Corporate Governance Report, after verification by the Appointments Committee. That Report should also disclose the reasons for the appointment of proprietary directors upon request of shareholders controlling less than 5% of capital; and explain any rejection of a formal request for a Board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.

See sections: B.1.3 and B.1.4

Complies

15. When there are few or no women directors, the Board should state the reasons for this situation and the measures taken to correct it; in particular, the Appointments Committee should take steps to ensure that:

- a) The process of filling Board vacancies has no implicit bias against women candidates;
- b) The Company makes a conscious effort to include women with the professional profile among the candidates for Seats on the Board.

See sections: B.1.2, B.1.27 and B.2.3.

Complies

16. The Chairman, as the person responsible for the proper operation of the Board of Directors, should ensure that directors are supplied with sufficient information in advance of Board meetings, and work to obtain a good level of debate and the active involvement of all directors, safeguarding their rights to freely express and adopt positions; he or she should organise and coordinate regular evaluations of the Board and, where appropriate, the Company's chief executive, along with the chief executive.

See section: B.1.42

Complies

17. When a Chairman of the Board is also its chief executive, an independent director should be empowered to request the calling of Board meetings or the inclusion of new items on the agenda; to coordinate and give voice to the concerns of external directors; and to lead the Board's evaluation of the Chairman.

See section: B.1.21

Complies

18. The Secretary of the Board should take care to ensure that the Board's actions:

- a) Adhere to the spirit and letter of laws and their implementing regulations, including those issued by regulatory agencies;
- b) Comply with the Company Bylaws and the Rules of the General Shareholders' Meeting, the Board of Directors and others;
- c) Are informed by those good governance recommendations of the Unified Code that the Company has subscribed to.

In order to safeguard the independence, impartiality and professionalism of the Secretary, his or her appointment and removal should be proposed by the Appointments Committee and approved by a full Board meeting; the relevant appointment and removal procedures being stated in the Rules of the Board of Directors.

See section: B.1.34

Complies

19. The Board should meet with the necessary frequency to properly perform its functions, in accordance with a calendar and agendas set at the beginning of the year, to which each director may propose the addition of other items not initially envisaged.

See section: B.1.29

Complies

20. Director absences should be kept to the bare minimum and quantified in the Annual Corporate Governance Report. When directors have no choice but to delegate their vote, they should do so giving instructions.

See sections: B.1.28 and B.1.30

Complies

21. When directors or the Secretary express concerns about some proposal or, in the case of directors, about the Company's performance, and such concerns are not resolved at the Board meeting, the person expressing them can request that they be recorded in the minutes.

Complies

22. The Board in full should evaluate the following points on a yearly basis:

- a) The quality and efficiency of the Board's operation;
- b) Starting from a report submitted by the Appointments Committee, how well the Chairman and chief executive have carried out their duties;
- c) The performance of its Committees on the basis of the reports furnished by them.

See section: B.1.19

Complies

23. All directors should be able to exercise their right to receive any additional information they require on matters within the Board's competence. Unless the Bylaws or Rules of the Board of Directors indicate otherwise, such requests should be addressed to the Chairman or Secretary.

See section: B. 1.42

Complies

24. All directors should be entitled to call on the Company for the advice and guidance they need to carry out their duties. The Company should provide suitable channels for the exercise of this right, extending in special circumstances to external assistance at the Company's expense.

See section: B.1.41

Complies

25. Companies should organise induction programmes for new directors to acquaint them rapidly with the workings of the Company and its corporate governance rules. Directors should also be offered refresher programmes when circumstances so advise.

Complies

26. Companies should require their directors to devote sufficient time and effort to perform their duties effectively, and, as such:

- a) Directors should inform the Appointments Committee of any other professional obligations, in case they might interfere with the necessary dedication;
- b) Companies should lay down rules about the number of directorships their Board members can hold.

See sections: B.1.8, B.1.9 and B. 1. 17

Complies

27. The proposal for the appointment or re-election of directors which the Board submits to the General Meeting of Shareholders, as well as provisional appointments by the method of co-option, should be approved by the Board:

- a) On the proposal of the Appointments Committee, in the case of independent directors.
- b) Subject to a report from the Appointments Committee in all other cases.

See section: B.1.3

Complies

28. Companies should post the following director particulars on their websites, and keep them permanently updated:

- a) Professional experience and background;
- b) Directorships held in other companies, listed or otherwise;
- c) An indication of the director's classification as executive, proprietary or independent; in the case of proprietary directors, stating the shareholder they represent or have links with.
- d) The date of their first and subsequent appointments as a Company director, and;
- e) Shares held in the Company and any options on the same.

Complies

29. Independent directors should not stay on as such for a continuous period of more than 12 years.

See section: B.1.2

Complies

30. Proprietary directors should resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary directors, the latter's number should be reduced accordingly.

See sections: A.2, A.3 and B.1.2

Complies

31. The Board of Directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the Bylaws, except where just cause is found by the Board, based on a proposal from the Appointments Committee. In particular, just cause will be presumed when a director is in breach of his or her duties or comes under one of the disqualifying grounds enumerated in section III.5 of this Code.

The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate operation produces changes in the Company's capital structure, in order to meet the proportionality criterion set out in Recommendation 12.

See sections: B.1.2, B.1.5 and B.1.26

Complies

32. Companies should establish rules obliging directors to inform the Board of any circumstance that might harm the organisation's name or reputation, tendering their resignation as the case may be, with particular mention of any criminal charges brought against them and the progress of any subsequent trial.

The moment a director is indicted or tried for any of the crimes stated in Article 124 of the Public Limited Companies Act, the Board should examine the matter as soon as possible and, in view of the particular circumstances and potential harm to the Company's name and reputation, decide whether or not he or she should be called on to resign. The Board should also disclose all such determinations in the Annual Corporate Governance Report.

See sections: B.1.43 and B.1.44

Complies

33. All directors should express clear opposition when they feel a proposal submitted for the Board's approval might damage the corporate interest. In particular, independents and other directors unaffected by the conflict of interest should challenge any decision that could go against the interests of shareholders lacking Board representation.

When the Board makes material or reiterated decisions about which a director has expressed serious reservations, then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next recommendation.

The terms of this Recommendation should also apply to the Secretary of the Board; director or otherwise.

Complies

34. Directors who give up their place before their tenure expires, through resignation or otherwise, should state their reasons in a letter to be sent to all members of the Board. Irrespective of whether such resignation is filed as a significant event, the reason for the same must be explained in the Annual Corporate Governance Report.

See section: B.1.5

Complies

35. The Company's remuneration policy, as approved by its Board of Directors, should specify at least the following points:

- a) The amount of the fixed components, itemised where necessary, of Board and Board Committee attendance fees, with an estimate of the fixed annual payment to which they give rise;
- b) Variable remuneration components, including, in particular:
 - i) The types of directors they apply to, with an explanation of the relative weight of variable to fixed remuneration items.
 - ii) Performance evaluation criteria used to calculate entitlement to the award of shares or share options or any performance-related remuneration;

- iii) The main parameters and grounds for any system of annual bonuses or other non-cash benefits; and
 - iv) An estimate of the sum total of variable payments arising from the remuneration policy proposed, as a function of degree of compliance with pre-set targets or benchmarks.
- c) The main characteristics of pension schemes (e.g. supplementary pensions, life insurance and similar arrangements), with an estimate of their amount or annual equivalent cost.
- d) The conditions applicable to the contracts of executive directors performing senior management functions, including:
 - i) Duration;
 - ii) Notice periods; and
 - iii) Any other clauses covering hiring bonuses, as well as indemnities or golden parachutes in the event of early termination of the contractual relation between Company and executive director.

See section: B.1.1 5

Complies

36. Remuneration comprising the giving of shares in the Company or other companies in the group, share options or other share price-based instruments, remuneration linked to the Company's performance or membership of pension schemes should be confined to executive directors.

The giving of shares is excluded from this limitation when directors are obligated to retain them until the end of their tenure.

See sections: A.3 and B.1.3

Complies

37. External directors' remuneration should sufficiently compensate them for the dedication, abilities and responsibilities that the post entails, but should not be so high as to compromise their independence.

Complies

38. In the case of remuneration linked to company earnings, any qualifications stated in the external auditor's report which may reduce said results should be considered.

Complies

39. In the case of variable remuneration, remuneration policies should include technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the Company's sector, or other circumstances of this kind.

Complies

40. The Board should submit a report on the directors' remuneration policy to the vote of the General Meeting of Shareholders, as a separate point on the agenda. This report should be supplied to shareholders separately or in the manner each company sees fit.

The report will focus on the remuneration policy the Board has approved for the current year with reference, as the case may be, to the policy planned for future years. It will address all the points referred to in Recommendation 35, except those potentially entailing the disclosure of commercially sensitive information. It will highlight the most significant changes in such policies in respect of those applied in the prior year that the General Meeting is reviewing, with a global summary of how the policy was applied over the last year.

The role of the Remuneration Committee in designing the policy should be reported to the Meeting by the Board, along with the identity of any external advisors engaged.

See section: B.1.16

Complies

41. The Notes to the Financial Statements should list individual directors' remuneration in the year, including:

- a) A breakdown of the compensation obtained by each company director, to include where appropriate:
 - i) Participation and attendance fees and other fixed director payments;
 - ii) Additional compensation for acting as Chairman or member of a Board Committee;
 - iii) Any payments made under profit-sharing or bonus schemes, and the reason for being granted;
 - iv) Contributions on the director's behalf to defined-contribution pension plans, or any increase in the director's vested rights in the case of contributions to defined-benefit schemes;
 - v) Any severance packages agreed or paid;
 - vi) Any compensation they receive as directors of other companies in the group;
 - vii) The remuneration executive directors receive in respect of their senior management posts;
 - viii) Any kind of compensation other than those listed above, of whatever nature and provenance within the group, especially when it may be accounted a related-party transaction or when its omission would detract from a true and fair view of the total remuneration received by the director.
- b) An individual breakdown of shares given to directors, as well as share options or other share-based instruments, itemised by:
 - i) Number of shares or options awarded in the year, and the terms set for their execution;
 - ii) Number of options exercised in the year, specifying the number of shares involved and the exercise price;
 - iii) Number of options outstanding at year-end, specifying their price, date and other exercise conditions;
 - iv) Any change in the year in the exercise terms of previously awarded options.
- c) Information on the relation in the year between the remuneration obtained by executive directors and the Company's profits or losses, or some other measure of enterprise results.

Complies

42. When the Company has an Executive Committee, the breakdown of its members by director category should be similar to that of the Board itself. The Secretary of the Board should also act as secretary to the Executive Committee.

See sections: B.2.1 and B.2.6

Complies partially

The composition of the Executive Committee is as follows: 83.3% external directors and 16.7% executive directors; the composition of the Board of Directors is: 88.9% external directors and 11.1% executive directors.
The Secretary of the Board is the Secretary of the Executive Committee.

43. The Board should be kept fully informed of the business performed and decisions made by the Executive Committee. To this end, all Board members should receive a copy of the Committee's minutes.

Complies

44. In addition to the Audit Committee required under the Securities Market Act, the Board of Directors should form a Committee, or two separate Committees, of Appointments and Remuneration.

The rules governing the composition-up and operation of the Audit Committee and the Committee or Committees of Appointments and Remuneration should be set forth in the Rules of the Board, and include the following:

- a) The Board of Directors will designate the members of the Committees, taking into account the directors' knowledge, skills and experience and each Committee's area of competence; discuss their proposals and reports; and at the first Board meeting following each Committee meeting, should inform on the business and activities performed, and respond to the work carried out.
- b) These Committees should be formed exclusively of external directors and have a minimum of three members. Executive directors or senior officers may also attend meetings, for information purposes, at the Committees' invitation.
- c) Committee Chairmen must be independent directors.
- d) These Committees may engage external advisors when they feel this is necessary to carry out their duties.
- e) Committee meetings should write-up minutes and a copy sent to all Board members.

See sections: B.2.1 and B.2.3

Complies partially

The Board has taken into account the knowledge, skills and experience of the directors and the mission of each Committee when appointing Committee members. Committees are also expressly given the power to obtain external advice and the Board has debated the proposals and reports presented by the Committees, which reported on their activities and performance at the first full Board meeting after each of their meetings.

When appointing the Committee members and chairs, the Board gave priority to the skills, experience and qualifications that will enable directors to contribute to better performance by the Committees of the duties entrusted to them (rather than to the directors' categories).

The Audit and Control Committee is chaired by Mr Gonzalo Anes y Álvarez de Castrillón, an independent director of FCC.

45. The job of supervising compliance with internal codes of conduct and corporate governance rules should be entrusted to the Audit Committee, the Appointments Committee or, if they are separate, Compliance or Corporate Governance Committees.

Complies

46. All members of the Audit Committee, particularly its Chairman, should be appointed with regard to their knowledge and background in accounting, auditing and risk management matters.

Complies

47. Listed companies should have an internal audit function, under the supervision of the Audit Committee, to ensure the proper operation of internal reporting and control systems.

Complies

48. The head of internal audit should present an annual work programme to the Audit Committee; report to it directly on any incidents arising during its implementation; and submit an activities report at the end of each year.

Complies

49. The control and risk management policy should specify at least:

- a) The different types of risk (operational, technological, financial, legal, reputational, etc.) to which the Company is exposed, with the inclusion of contingent liabilities and other off-balance-sheet risks under financial or economic risks;
- b) The determination of the risk level the Company considers as acceptable;
- c) Measures in place to mitigate the impact of risks identified should they occur;
- d) The internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.

See section: D

Complies

50. The Audit Committee's role should be:

1. With respect to internal control and reporting systems:

- a) Monitor the preparation and the integrity of the financial information prepared on the Company and, where appropriate, the group, checking for compliance with legal provisions, the accurate definition of the consolidation perimeter, and the correct application of accounting principles.
- b) Review internal control and risk management systems on a regular basis, so main risks are properly identified, managed and disclosed.
- c) Monitor the independence and efficacy of the internal audit function; propose the selection, appointment, re-election and removal of the head of internal audit; propose the department's budget; receive regular

report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.

- d) Establish and supervise a mechanism whereby staff can report, confidentially and, if necessary, anonymously, any irregularities they detect in the course of their duties, in particular financial or accounting irregularities, with potentially serious implications for the company.

2. With respect to the external auditor:

- a) Make recommendations to the Board for the selection, appointment, re-election and removal of the external auditor, and the terms and conditions of the engagement.
- b) Receive regular information from the external auditor regarding the audit plan and the results thereof, and verify that senior executives act on the recommendations of the external auditor.
- c) Ensure the independence of the external auditor, to which end:
 - i) The Company should notify any change of auditor to the CNMV as a relevant event, accompanied by a statement of any disagreements arising with the outgoing auditor and with the contents, if appropriate.
 - ii) The Committee should ensure that the Company and the auditor adhere to current regulations on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, other requirements designed to safeguard auditors' independence;
 - iii) Investigate the issues giving rise to the resignation of any external auditor, in the case thereof.
- d) In the case of groups, urge the group auditor to take on the audit of all group companies.

See sections: B.1.35, B.2.2, B.2.3 and D.3

Complies

51. The Audit Committee should be empowered to call a meeting with any Company employee or manager, even ordering their appearance without the presence of another senior officer.

Complies

52. The Audit Committee should prepare information on the following points from Recommendation 8 prior to the Board decision-making:

- a) The financial information that all listed companies must disclose periodically. The Committee should ensure that interim statements are drawn up under the same accounting principles as the annual statements and, to this end, may ask the external auditor to conduct a limited review.
- b) The creation or acquisition of shares in special purpose vehicles or entities resident in jurisdictions considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.
- c) Related-party transactions, except where the prior report has been entrusted to another supervision and control Committee.

See sections: B.2.2 and B.2.3

Complies

53. The Board of Directors should seek to present the annual accounts to the General Meeting of Shareholders without reservations or qualifications in the audit report. Should such reservations or qualifications exist, both the Chairman of the Audit Committee and the auditors should give a clear account to shareholders of their scope and content.

See section: B.1.38

Complies

54. The majority of Appointments Committee members, or Appointments and Remuneration Committee members, as the case may be, should be independent directors.

See section: B.2.1

Explain

As indicated under Recommendation 44, when appointing Appointments and Remuneration Committee members, the Board focuses more on the skills, experience and qualifications that will enable the different Committees to best perform their duties rather than on the category of director.

All members of the Appointments and Remuneration Committee are external directors and one of them, Mr Gonzalo Anes, is an independent director.

55. The Appointments Committee should have the following functions in addition to those stated in earlier recommendations:

- a) Evaluate the balance of skills, knowledge and experience required on the Board, define the roles and capabilities required of the candidates to fill each vacancy, and decide the time and dedication necessary for them to properly perform their duties.
- b) Examine or organise, in appropriate form, the succession of the chairman and chief executive, making recommendations to the Board so the handover proceeds in a planned and orderly manner.
- c) Report on the senior officer appointments and removals which the chief executive proposes to the Board.
- d) Report to the Board on the gender diversity issues discussed in Recommendation 14 of this Code.

See section: B.2.3

Complies

56. The Appointments Committee should consult with the Company's Chairman and Chief Executive, especially on matters relating to executive directors.

Any Board member may suggest directorship candidates to the Appointments Committee for its consideration, if they are considered ideal, potential candidates to fill a vacancy.

Complies

57. The Remuneration Committee should have the following functions in addition to those stated in earlier recommendations:

- a) Make proposals to the Board of Directors regarding:
 - i) The remuneration policy for directors and senior officers;
 - ii) The individual remuneration and other contractual conditions of executive directors.
 - iii) The standard conditions for senior officer employment contracts.
- b) Oversee compliance with the remuneration policy set by the Company.

See sections: B.1.14 and B.2.3

Complies

58. The Remuneration Committee should consult with the Chairman and chief executive, especially on matters relating to executive directors and senior officers.

Complies

G – OTHER INFORMATION OF INTEREST

If you consider that there are any relevant principles or aspects of corporate governance applied by your Company which has not been assessed in this report, state and explain the contents thereof below

NOTE: Mr Baldomero Falcones Jaquotot stepped down as a member of the Board of Directors of FCC on 31 January 2013. On that date, Ms Esther Alcocer Koplowitz was appointed Chairwoman of the Board of Directors and Mr Juan Béjar Ochoa joined the Board of Directors in the capacity of Vice-chairman and Chief Executive Officer of FCC.

A.3.

NOTE: FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. (hereinafter, FCC) is controlled by B 1998, S.L.; this company holds 53.829% of the shares of FCC, of which:

59,871,785 are controlled directly and 8,653,815 are indirectly held through its affiliate Azate, S.A.

B 1998, S.L., in turn, is controlled by Ms Esther Koplowitz Romero de Juseu, who is the holder of 89.65% of its shares, and this percentage is broken down as follows:

- She directly holds 22.87%, and

- She holds the rest indirectly through Dominum Desga, S.A. (0.000001%) and Dominum Dirección y Gestión, S.L. (66.78%), both fully owned by Ms Esther Koplowitz Romero de Juseu.

Ms Esther Koplowitz Romero de Juseu also holds directly 123,313 shares of FCC, and indirectly 39,172 shares of FCC, through Dominum Desga, S.A. (4,132 shares), Dominum Dirección y Gestión, S.L. (10 shares), and Ejecución y Organización de Recursos, S.L. (35,040 shares), fully owned by Ms Esther Koplowitz Romero de Juseu.

10.35% of the company B 1998, S.L. is held by several investors (hereinafter, the investors) according to the following breakdown: Eurocis, S.A. (5.01%); Larranza XXI, S.L. (5.34%).

A.6.

Note On 30 July 2004 a Relevant Event was published on the CNMV website consisting of the acquisition of part of the equity interests of Ms Esther Koplowitz Romero de Juseu in the company B 1998, S.L. by the companies Inversiones Ibersuizas, S.A., Inversiones San Felipe, S.L., Cartera Deva, S.A. and the Peugeot family in France through the company Simante, S.L.

On 13 January 2005 a Relevant Event was published whereby the company Dominum Dirección y Gestión, S.A. Sociedad Unipersonal (fully held by Ms Esther Koplowitz Romero de Juseu) agreed with the company Larranza XXI, S.L. (a company belonging to the Bodegas Faustino Group) 'the transfer to the latter of a minority interest that the former held in the company B 1998, S.L., a company which in turn directly or indirectly holds 52.483% of the share capital of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.'

Also on 13 January 2005 a Relevant Event was published whereby the company Dominum Dirección y Gestión, S.A. Sociedad Unipersonal (Sole Corporation) (fully held by Ms Esther Koplowitz Romero de Juseu) agreed with the companies Inversiones Ibersuizas, S.A., Inversiones San Felipe, S.L., Ibersuizas Holdings, S.L., Cartera Deva, S.A., Arzubi Inversiones, S.A. and EBN Banco de Negocios, S.A., 'the transfer to the latter of a minority interest that the former held in the company B 1998, S.L., a company which in turn directly or indirectly holds 52.483% of the share capital of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.'

On 19 July 2007 a Relevant Event was published consisting of 'the renewal with amendments of the contracts of the partners of the company B 1998, S.L., without altering the full direct and indirect holding of Ms Esther Koplowitz Romero de Juseu in B 1998, S.L. or the agreements between the parties in relation to the governance of both B 1998, S.L. and indirectly of Fomento de Construcciones y Contratas, S.A., or any provisions regarding the control of those two companies.'

On 26 December 2007 a Relevant Event was published consisting of 'the reorganisation of the holding in the company B 1998, S.L. Ms Esther Koplowitz Romero de Juseu, through the company DOMINUM DIRECCIÓN Y GESTIÓN, S.A., of which she owns 100% of its capital, has signed with IBERSUIZAS HOLDINGS, S.L. the purchase and sale, effective 30 January 2008, of 10.55% of the equity interests in the company B 1998, S.L., which is the holder of 52.483% of the share capital of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.

This transaction, done at the request of Ms Esther Koplowitz, who increases her holding in FCC, represents the disinvestment of Ibersuizas Group from the share capital of B 1998, S.L. and consequently from FCC. Group, Ibersuizas Holdings, S.L. shall no longer be a party to the shareholder agreement regulating the relations between partners of B 1998, S.L. At the same time, on the above-mentioned effective date of the contract, Ibersuizas Holdings, S.A. shall tender its resignation as a member of the Board of Directors of B 1998, S.L. and Ibersuizas Alfa, S.L. shall tender its resignation as a member of the Board of Directors of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.

On 4 February 2008 a Relevant Event was published consisting of 'the effective purchase by Ms Esther Koplowitz of the holding that Ibersuizas Holdings owned in B 1998, S.L. as the primary shareholder of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. (FCC) with 52.483%. The agreement was reached on 24 December 2007.

On 12 July 2010 a Relevant Event was published whereby 'The entrepreneur Esther Koplowitz has reached an agreement with Simante, S.L. to acquire the latter's holding in the share capital of B 1998, S.L. for 88 million euros.

By virtue of the agreement, Simante shall assign all of its shares in B 1998 to Dominum Dirección y Gestión S.A. The transaction, involving 5.7% of the equity interests in B 1998, shall take place in the month of September.'

Following the reorganisation of the capital of B 1998, S.L., the capital ownership is as follows:

Esther Koplowitz (directly or indirectly) holds 89.65%

Eurocis, S.A. holds 5.01%

Larranza XXI, S.L. holds 5.34%

Total = 100.00%

In the above-mentioned Relevant Events, of note are the main agreements regarding the control of the companies (FCC and B 1998, S.L.) reached by Ms Esther Koplowitz Romero de Juseu and the investors, following the respective acquisition transactions:

- Ms Esther Koplowitz Romero de Juseu will retain control of B 1998, S.L. and, therefore, of Azate, S.A. and FCC.

- The Board of Directors of B 1998, S.L. shall be made up by twelve directors, and the investors, as a whole, are entitled to designate a maximum of three directors, and in no event may they designate more than one third of the members of the

Board of Directors de B 1998, S.L.

- Ms Esther Koplowitz Romero de Juseu in any event may appoint the majority of the members of the Boards of Directors of FCC and its subsidiaries. The investors may designate, as a whole, a maximum of two members, and in no event more than one third of the members of the Board of Directors de FCC.

- Ms Esther Koplowitz Romero de Juseu shall be entitled to designate the Chairman of the Board of Directors of FCC, the Chief Executive of FCC and at least two thirds of the members of its Executive Committee.

- FCC's pay-out will be at least 50%.

There are a number of agreements between Ms Esther Koplowitz Romero de Juseu and the investors with the aim of protecting the investment of the latter in B 1998, S.L., in their capacity as minority shareholders, which is described below:

- IN RELATION TO B 1998, S.L.:

In relation to B 1998, S.L. and subject to the general rule that the resolutions (whether of the General Meeting of Partners or of the Board of Directors) are subject to the principle of approval by simple majority of the share capital, as an exception, a number of special cases are established where the approval must be by consensus:

- Amendments of the Bylaws implying the transfer of the registered office abroad, the change of the corporate purpose or the increase or reduction of the share capital, unless said transactions are imposed by the law or, in the case of capital reductions, they are to be carried out via the acquisition of equity interests of B 1998 S.L., directly or indirectly held by Ms Esther Koplowitz Romero de Juseu or by Dominum Dirección y Gestión, SA, by B 1998 S.L. itself, for the subsequent redemption thereof, or they are to be carried out via the redemption of the equity interests of B 1998, S.L., directly or indirectly held by Ms Esther Koplowitz Romero de Juseu or by Dominum Dirección y Gestión, SA, and charged to reserves which, pursuant to the Bylaws or due to provisions no included in the Bylaws, only Ms Esther Koplowitz Romero de Juseu is entitled to use.

- Any type of transformation, merger or spin-off or the total transfer of assets and liabilities;

- The dissolution or winding-up of B 1998, S.L.;

- The overriding of pre-emptive subscription rights in capital increases and the exclusion of shareholders;

- The amendment of the management regime of B 1998, S.L.;

- The establishment or amendment of the dividend policy agreed to among the investors in respect of the rights stated in the Bylaws or those not included in the Bylaws corresponding to the equity interests owned by the investors;

- Acts of disposal or encumbrance, under any title, of any relevant assets of B 1998, S.L., specifically of FCC shares or of shares or equity interests of any other companies in which B 1998 S.L. owns or may own holdings in the future;

- The increase of structural costs such that, on an annual basis, exceed those stated on the balance sheet of the company as of 31 December 2003, increased by the general year-on-year CPI plus two percentage points; excluded from the above calculation is the remuneration received by B 1998 S.L. as a consequence of its presence on the Board of Directors of FCC (hereinafter, Remuneration of the Board of FCC), as well as the remuneration of the members of the Board of Directors of B 1998 S.L. insofar as they do not exceed the remuneration of the Board of FCC;

- Granting or maintaining powers that allow for the disposal of FCC shares, by any means;

- The borrowings of B 1998, S.L. and obtaining or providing guarantees which, overall, exceed 500,000 euros;

- Creating or acquiring direct subsidiaries (other than FCC subsidiaries) or acquiring shares in entities other than those in which B 1998, S.L. already owns a holding.

- IN RELATION TO FCC:

In relation to FCC and subject to the general rule that the resolutions (whether of the General Meeting or of the Board of Directors) are subject to the principle of approval by simple majority of the share capital, as an exception a number of special cases are established where the approval must be by consensus:

- Amendments of the Bylaws implying the transfer of the registered office abroad, the increase or reduction of the share capital, unless said transactions are imposed by the law;

- Changing the corporate purpose, as doing so it includes the incorporation of activities not related to construction, services, cement and real estate;

- The transformation, merger or division in any of its ways.

- The merger of FCC Construcción, S.A., Cementos Portland Valderrivas, S.A. and FCC Servicios, S.A. as a consequence of which B 1998, S.L. indirectly ceases to hold over 50% of the voting rights of the entity resulting from the merger:

- The overriding of pre-emptive subscription rights in capital increases.

- The amendment of the management regime.

- Acts of disposal, encumbrance or acquisition, under any title, of FCC assets outside the corporate purpose of said entity, provided that they are relevant and, in any event, the above-mentioned acts, included within the corporate purpose of FCC, when they entail a total or aggregate value equal to or above 700,000,000 euros (increased annually by the CPI), or a significant amendment of the current structure of FCC Group or represent more than 10% of the consolidated assets of FCC Group.

- Any transactions that may lead to or represent a variation of more than 20% of FCC's equity or over 10% of the FCC Group's consolidated assets.

- The granting of powers that could allow, under any title, the above-mentioned disposals, encumbrances or acquisitions; the foregoing in no way whatsoever limits the right of Ms Esther Koplowitz Romero de Juseu to designate and revoke the FCC CEO.

- The borrowings of FCC and the obtainment or provision of guarantees by the latter (excluding, in any event, for the purpose of the above-mentioned calculation, guarantees within the ordinary course of business and borrowing without recourse or project finance) which, collectively, exceed 2.5 times the gross operating profit registered on the last consolidated balance sheet of FCC.

If it is not possible to reach the necessary consensus between Ms Esther Koplowitz Romero de Juseu and the Investors for the adoption of decisions in the above-mentioned special cases, they shall act as required in order to preserve the pre-existing situation.

On 26 May 2011 a Relevant Event was published, consisting of the renewal with amendments of the purchase and sale agreement of investment and disinvestment of partners of B 1998 SL and the extension thereof, between Dominum Dirección y Gestión S.L., Eurocis SL, and Larranza XXI, S.L. Said Relevant Event publishes the contents of the notarial deed of renewal.

For further information, please check the full contents of the shareholder agreements available on the CNMV website, as Relevant Events of the company dated 30 July 2004, 13 January 2005, 19 July 2007, 26 December 2007, 4 February 2008 and 26 May 2011.

B.1.2.

NOTE: Mr Francisco Vicent Chuliá holds the position of Secretary of the Board of Directors, having been appointed at the Board meeting held on 26 October 2004.

B.1.6.

NOTE: Article 35.2 of the Rules of the Board establishes that the Board of Directors may permanently delegate, to one or several of its members, the powers vested in the Board of Directors, with the exception of those which, by law or under the Bylaws or these Rules, may not be delegated.

The permanent delegation of powers of the Board of Directors and the designation of the Director or Directors, to whom delegated powers are attributed, regardless of their office, shall require, in order to be valid, the vote of at least two thirds of the members of the Board of Directors.

The Chief Executive will be entrusted with effectively representing and managing the business of the company, always in accordance with the decisions and criteria set by the General Meeting of Shareholders and the Board of Directors, within the scope of their respective powers.

The effective representation and management of the Company's business affairs includes but is not limited to:

- Supporting the Board of Directors in defining the Group's strategy.
- Drafting the Business Plan and Annual Budgets to be submitted to the Board of Directors for approval.
- Drawing up and respectively submitting for approval to the Board of Directors or to the Executive Committee, depending on whether their individual amount exceeds eighteen million euros or otherwise, the proposals on investments, disinvestments, credit, loans, bond or guarantee facilities or any other type of financial facilities.
- The appointment and revoking of all the company personnel, with the exception of those whose appointment corresponds to the Board of Directors, as established by these Rules.

Once a year, at the first meeting of each financial year, the Chief Executive shall inform the members of the Executive Committee of the degree of real fulfilment of the forecasts made regarding the investment proposals submitted to the Committee itself and to the Board of Directors.

Article 7.2 of the Rules of the Board of Directors establishes that: 'In any event, the Board of Directors in full session, by means of the adoption of resolutions that are to be passed in each case as provided in the Law or in the Bylaws, is vested with the handling of the following matters, which are established as a formal catalogue of matters reserved exclusively to the Board, and they cannot be delegated:

- a. The appointment and removal of the Chairman, Vice-chairperson, CEOs, Secretary and Vice-secretary of the Board of Directors, as well as, following a proposal of the Chief Executive Officer, the appointment, removal and, as the case may be, indemnity clauses of the heads of the functional areas of the company (Administration, Finance, Human Resources and Company Secretary's office), of the members of the Management Committee and, in general, of the Senior Managers of the Company.
- b. Proposing to the respective Boards of Directors, under the initiative of the Chief Executive and via the Company's representatives therein, the appointment and removal, as the case may be, together with any indemnity clauses, of the Chairmen and General Managers of the head companies in each of the FCC Group areas, acting in this respect in conformity with the corporate interest of each one of them.
- c. Delegating powers to any of the members of the Board of Directors in the terms established by law and the Articles of Association, and revoking such powers.
- d. The appointment and removal of directors as members of the various Committees envisaged in these Rules.
- e. Supervising the Board's Internal Committees.
- f. The appointment of Directors by co-opting in the event of vacancies until the next General Meeting.
- g. The acceptance of resignations tendered by Directors.
- h. Drawing up the financial statements and dividend policy for submission and proposal to the General Meeting, and agreeing, if applicable, on the payment of interim dividends.
- i. The definition and structure of the Group and the coordination, within the legal limits, of the general Group strategy in the interest of the Company and its subsidiaries, supported by the Strategy Committee and the Chief Executive, disclosing in the Annual Corporate Governance Report any business relations between the Company and the listed subsidiaries in its Group, as well as between the latter and other Group companies, and the mechanisms established to solve any possible conflicts of interest that might arise.
- j. The investment and financing policy, in particular the approval of investments, disinvestments, credit facilities, loans, bond or guarantee facilities or any other type of financial facilities within the limits established by the Board itself, as well as the approval of any investments or operations of any kind which owing to their special circumstances are of a strategic nature.
- k. In general, organising the powers of the Board of Directors, particularly the power to amend these Rules.
- l. The powers vested in the Board of Directors by the General Meeting, which may only be delegated with the express consent of the General Meeting.

Also, article 8.1 (General functions – Balance in the development of functions) establishes that the Board of Directors is vested with developing any acts that are necessary for the performance of the corporate purpose provided in the Bylaws, pursuant to the applicable laws. On the other hand, article 8.2 states that the delegation of powers by the Board to any of its members, within the limits allowed by Law, does not deprive the Board of those powers.

The Board of Directors, at its meeting of 18 December 2007, delegated to Mr Baldomero Falcones Jaquotot, effective from 1 January 2008, powers of a varied nature such as financial powers, powers to liaise with customers and suppliers, labour, administration and drawdown related powers, in relation to companies and associations, and powers of a legal and internal nature. The delegation of these powers facilitates Group management and expedites the external manifestation of the Company's activities.

B.1.13.

NOTE: As set out in the Notes to the Financial Statements for each year, drawn up by the Board of Directors and submitted to the approval of the General Meeting, an insurance policy was taken out and paid in order to meet the contingencies related to the death, permanent disability for working, retirement bonuses or other items to the benefit, among others, of some of the Executive Directors and Senior Managers mentioned in sections B. 1. 3 and B.1.12 respectively.

In particular, the contingencies giving rise to indemnity are those that entail the termination of the employment relationship for any of the following reasons:

- a) Unilateral decision by the Company.
- b) Winding up or disappearance of the parent company for any reason, including merger or spin-off.
- c) Death or permanent disability.
- d) Declaration of physical disability or legal incompetence for any other reason.
- e) A substantial change in professional conditions
- f) Termination, upon reaching the age of 60, at the manager's request and with the Company's consent.
- g) Termination at age 65, by unilateral decision of the manager.

The Company has subsequently agreed to include indemnity clauses for other senior managers, when hiring them, only in the event of the unilateral termination of their contracts by the Company before a certain minimum period of time has elapsed. Clauses of this kind are also included in the contracts signed with the Board of Directors, Chairman and CEO's approval.

FCC Group did not pay any insurance premiums in 2012 and it did not receive any premium rebates.

B.1.34.

NOTE: The current Secretary was appointed before the Appointments and Remuneration Committee was created.

C.4.

NOTE: Numerous transactions have been carried out between Group companies that are part of the ordinary course of business and, in any case, they are eliminated in the process of drawing up the consolidated financial statements.

C.5.

NOTE: The directors of Fomento de Construcciones y Contratas, S.A. have communicated that they do not perform any professional duties, as independent professionals or as employees, at companies whose business is identical, similar or supplementary to that of the company.

Mr Henri Proglío is also a member of the Board of Directors of FCC, a member of the Board of Directors of Veolia Environnement, S.A. and Chairman of Electricité de France (EDF).

The rest of the members of the Board of Directors of the company do not own holdings in the capital of companies with activities that are identical, similar or supplementary to those comprised in the corporate purpose of Fomento de Construcciones y Contratas, S.A.

E.7.

NOTE: The final attendance list was as follows:

225 shareholders in attendance controlling 69,666,917 shares accounting for 54.725% of the share capital.

1,299 shareholders represented controlling 9,967,094 shares accounting for 7.829% of the share capital.

As provided in the Capital Companies Act, the 86 shareholders controlling a total of 125,957 shares who voted by remote means prior to the meeting were counted as being present.

Thus the General Meeting was attended, whether present or represented, by a total of 79,634,011 shares, equivalent to an amount of 79,634,011.00 Euros, which is 62.555% of the subscribed share capital.

The Company held 11,578,732 treasury shares, equivalent to 9.095% of the share capital.

F.41.

NOTE: In compliance with article 61.3 of the Stock Market Act, FCC's Annual Remuneration Report complies with the contents of this recommendation.

This section may include any other information, clarifications or nuances related to the previous sections of the report, insofar as they are relevant and not repetitive.

Specifically, indicate whether the company is subject to laws other than those of Spain in the field of corporate governance and, if applicable, include any information that is compulsory to be provided other than that required in the report herein.

Binding definition of independent director:

Indicate whether any of the independent directors has or had in the past any relations with the company, its significant shareholders or managers, which had they been sufficiently significant or important, would have led to the director not being able to be considered independent pursuant to the definition provided in part 5 of the Unified Code of Corporate Governance:

NO

Date and signature(s):

This annual corporate governance report was approved by the Board of Directors of the company at its meeting held on

21/03/2013

State whether any of the Directors voted against or abstained from voting the approval of the report herein.

NO

**Additional information
ANNUAL CORPORATE GOVERNANCE
REPORT 2012**

**Fomento de Construcciones y
Contratas, S.A.**

REPORT ON THE INTERNAL CONTROL OVER FINANCIAL REPORTING SYSTEM (ICFR)

Description of the main characteristics of the internal control and risk management systems in relation to the financial reporting issuance process (art. 61 bis 4.h Spanish Securities Market Act).

- ***Internal control and risk management systems in relation to the financial reporting issuance process (ICFR)***

1. THE COMPANY'S CONTROL ENVIRONMENT

1.1 Bodies and/or functions responsible for: (i) the existence and maintenance of an adequate and effective ICFR; (ii) the implementation and (iii) the supervision thereof.

The bodies and functions within FCC Group that are responsible for overseeing the existence, maintenance, implementation and supervision of an adequate and effective ICFR and the responsibilities attributed to these bodies are the following:

Board of Directors

As set out in article 8 of the Rules of the Board of Directors of FCC, S.A., the Board is ultimately responsible for approving the Company's general policies and strategies and, in particular, the control and risk management policy, identifying the main risks for the Company and implementing and monitoring the adequate internal control and reporting systems, with the purpose of ensuring their future feasibility and competitiveness, adopting the most relevant decisions for the better development thereof.

Executive Committee

Article 40 of the Rules of the Board of Directors establishes that the Board may set up an Executive Committee to which it may permanently delegate all of the powers vested in the Board of Directors with the exception of those which, by law or under the Bylaws or these Rules, cannot be delegated.

Additionally, like Board as a whole, the Committee ensures that FCC Group's organisation structure, planning systems and operations management processes are designed to deal effectively with the different risks to which FCC Group's business is exposed in the course of business.

The Board of Directors will designate the Directors to form part of the Executive Committee, ensuring as far as possible that its structure is similar to that of the Board itself in terms of the various categories of director.

The functioning of the Executive Committee is determined in article 36 of FCC's Articles of Association.

Audit and Control Committee

Article 41 of the rules of the Board of Directors of FCC establishes that there must be a permanent Audit and Control Committee comprising at least three Directors designated by the

Board of Directors taking into consideration their knowledge and experience of accounting, auditing or risk management; all of its members must be external directors, and the Committee will appoint a Chairman from among its members, who will hold office for no more than four years; it may also appoint a Vice-Chairman. The basic function of the Audit and Control Committee is to support the Board of Directors in its supervisory duties by periodically reviewing the processes used to prepare the financial information, the internal controls and the independence of the external auditors. In particular, the matters that the Board of Directors may entrust to the Audit and Control Committee include, but are not limited to, the following:

- Supervising the Company's internal audit units that oversee the good working of the information and internal control systems; the head of internal audit has the obligation to present an annual work plan to the Committee and to inform it directly of any incidents arising in the course of implementing the plan, as well as submitting a report on activities to the Committee at the end of each year.
- Analysing and submitting the control and risk management policy to the Board for approval; it must at least identify:
 - (i) The different types of risk to which the Company is exposed, with the inclusion of contingent liabilities and other off-balance-sheet risks among the financial or economic risks;
 - (ii) The determination of the risk level the Company considers acceptable;
 - (iii) Measures in place to mitigate the impact of identified risks should they occur;
 - (iv) The internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities or off-balance-sheet risks.
- Supervising the preparation and presentation of the annual financial statements and directors' reports of the Company and the consolidated group, and of the financial information released periodically to the markets, checking for compliance with legal provisions and the correct application of generally accepted accounting principles, and informing the Board before it adopts any of the following decisions:
 - (i) The financial information that the Company, being a listed company, must disclose periodically, ensuring that interim financial statements are drawn up using the same accounting principles as the annual statements and, for such purpose, it may consider whether it is appropriate that the Company's external auditor conduct a limited review of those statements;
 - (ii) And the creation or acquisition of shares in special purpose vehicles or entities resident in jurisdictions considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the FCC Group.
- With respect to internal control and reporting systems:

- (i) Monitoring the preparation and the integrity of the financial information prepared on the Company and, where appropriate, on the Group, checking for compliance with legal provisions, the accurate demarcation of the scope of consolidation, and the correct application of accounting principles.
- (ii) Periodically reviewing the internal control and risk management systems, so that the main risks are identified, managed and made known adequately, monitoring the Risk Maps and action plans required to mitigate the most relevant risks that are identified, among which are those arising from the internal control of the financial reporting.

Management Committee

The Management Committee is chaired by the Chairman and CEO of the FCC Group and composed of members assigned to the Committee by the plenary Board of Directors. Its functions in relation to the internal control of the financial reporting systems include, among others, the monthly review of the consolidated financial reports of the FCC Group, which is especially relevant in the periods when said reports must be sent to the Spanish Securities Exchange Commission (CNMV).

Management Control and Risk Management Department

Financial risk management is reinforced by the actions, at a corporate level, of the Management Control and Risk Management Department, created by a decision of the Board of Directors, reporting to the General Department of Administration and Information Technology, with the following responsibilities and functions in the field of Corporate Risk management:

- Identifying the risks that the Company faces, according to the potential threat they pose for achieving the organisation's objectives.
- Proposing the procedure it considers adequate for monitoring and controlling such risks, especially those with preferential monitoring.
- Establishing the mechanisms for periodically reporting on the evolution and monitoring of the identified risks.

General Administration and Information Technology Management

The General Administration and Information Technology Management performs the following functions related to the internal control of the financial reporting:

- Coordinating the Administration of the Areas, establishing the administrative processes and procedures for general application in the Group and promoting the uniform application of the accounting and tax policies.
- Defining and issuing the accounting policy to be applied in the Group.
- Drawing up and supervising the consolidated accounting and management information.

- Developing the accounting and tax management of FCC, S.A. and its subsidiaries that are not allocated to the operating Areas.
- Defining and publishing the tax criteria generally applied in FCC Group, both in the separated companies and at a consolidated level.
- Advising the different Areas in tax matters and take part in solving any issues that arise.
- Designing and publishing the procedures, documents and software applications generally used in the FCC Group, both for accounting and taxes.
- Advising the different Areas regarding procedures and taking part in solving the issues they raise.
- Issuing the regulations, drawing up and supervising the FCC Group Budget.

The Information Technology and Systems Department of FCC Group has the following major lines of action: homogenising and improving the functionality of business applications, modernising and optimising the service levels of the infrastructures and, at an organisational level, aligning the needs of the different business activities.

Finance Department

The Finance Department is entrusted with the centralised management of the finances of FCC Group. This implies the centralised financial management of the following aspects: financing the Group's activities, managing the Group's debt and financial risks, optimising cash and banks and the financial assets, the Group's financial management and control, relations with investors, the Stock Exchange and the CNMV, analysis and financing of investments, management, monitoring and control of bonds, guarantees and insurance, and management of industrial and equity risks.

General Internal Auditing Management

The goal of the General Internal Auditing Management is to provide the Board of Directors, via the Audit and Control Committee, and the Senior Management of FCC Group, with which it collaborates actively, with the efficient supervision of the Internal Control system, by exercising a unique, independent governance function aligned with professional standards, that contributes to Corporate Governance, verifying the fulfilment of the applicable regulations, both internally and externally, and reducing to reasonable levels the possible impact of risks in the achieving the objectives of FCC Group. *(Additional information is included in section 5.1).*

1.2 Elements present in the process of drawing up financial information:

- ***Departments and/or mechanisms in charge of: (i) the design and review of the organisational structure; (ii) clearly defining lines of responsibility and authority, with an adequate distribution of tasks and functions; and (iii) ensuring that there are sufficient procedures for the proper dissemination in the entity, especially in relation to the process of drawing up the financial information.***

As defined in the Rules of the Board of Directors of FCC, the person ultimately responsible for the design and review of the organisational structure and for defining the lines of responsibility and authority is the Chief Executive, supported by the Management Committee and ratified by the Board of Directors.

The rules of the Board of Directors define the responsibilities allocated to each one of the Board Committees as well as the organisational structure of each one of them.

The Chief Executive and the Management Committee determine the distribution of tasks and functions, ensuring that there is an adequate knowledge of the skills, such as to ensure a correct separation of functions and efficient communication between them, including those related to the personnel involved in the preparation of the Group's financial reports.

The Appointments and Remuneration Committee proposes the appointment of senior managers with the most adequate profile for their tasks and functions. It also takes care of overseeing the compliance of the remuneration policy established by the Company and, in particular, it proposes to the Board of Directors the remuneration policy for Directors and senior managers.

The process used to determine the organisational structure is regulated by the Group's General Rules Manual in section 10 "Organisational structure," which regulates the Bodies directly reporting to the Board of Directors, the distribution of functions of the Group management and the Appointment of Management Positions, as well as the rest of the levels within the Organisation.

The Chairman/Chief Executive is entrusted to define the lines of responsibility and authority and each Corporate Director must define the organisational structure and lines of responsibility of his/her Department.

On the other hand, the Human Resources Area is responsible for updating and reviewing, with the support of the corresponding Departments, both the organisational structure and the organisation chart of the Group. It is scheduled that in 2013 the detailed organisation chart with all of the Group functions will be published on the Company's Intranet and it will be reviewed annually.

In this respect, the General Manager of Human Resources is developing a project to modernise the I.T. system and human resources management. Among other objectives, this project is meant to clearly define the organisational structure and the lines of responsibility to optimise the distribution of tasks and functions.

Additionally, the Communication and Corporate Responsibility Department is in charge of establishing the procedures for the correct dissemination of the organisational structure and the lines of responsibility.

- ***Code of conduct, approving body, degree of dissemination and instruction, principles and values included (indicating whether there are specific references to the register of transactions and the preparation of financial reports), body in charge of analysing breaches and of proposing corrective actions and penalties.***

FCC Group has drawn up a Code of Ethics, the latest update of which was approved by the Board of Directors on 27 February 2012, which regulates the principles that must guide behaviour within the Group and guide relations among Group employees and between employees and other stakeholders, being compulsory for all the individuals in the Group and for third parties voluntarily accepting its application.

FCC Group's Code of Ethics is a tool to guide the Group's actions in matters of social, environmental or ethical nature of certain significance. The standards of conduct set out in the Code of Ethics refer to basic principles of behaviour: relations with and among employees; internal control and fraud prevention; commitment to the market, to the Company and to the community.

The FCC Group Code of Ethics includes a chapter closely related to the control of the preparation of financial reports called "Internal control and fraud prevention," which assesses the following issues: "Manipulation of information," "Use and protection of assets," "Intellectual property protection," "Corruption and bribery," and "Money laundering and irregular payments."

FCC Group communicates and disseminates the Code within the Company, so that it may be known by all the employees, who formally accept to comply with it, as well as by third parties voluntarily accepting the application thereof. Also, the Code of Ethics is published on the Group's corporate website, where anybody can access it for consultation purposes.

The Group's training plan for the year 2012, drawn up by the General Management of Human Resources, includes in its welcome course for new employees, among other things, specific training regarding the Code of Ethics.

The Audit and Control Committee, according to article 41 of the Rules of the Board of Directors, has the following powers, among others:

- Receiving information periodically from the Response Committee and from the Management Control and Risk Management Department, respectively, on the development of their activities and the functioning of internal controls.
- Ensuring that the internal codes of conduct and the rules of corporate governance comply with regulatory requirements and are adequate for the Company, as well as reviewing compliance by the individuals affected by said Codes and the rules of governance, of their reporting obligations in respect of the Company.

The persons bound by the Code of Ethics are obliged to report any breaches thereof. To do so, they may use the established channels and procedures to report incidents confidentially, in good faith and without fear of retaliation. FCC Group established a general communication procedure for the matters related to the Code of Ethics which is described in the "Whistleblowing Channel" section. The Response Committee is responsible for supervising and monitoring the Code of Ethics, which is the body in charge of analysing possible breaches, and a system is also established to propose corrective actions and, if it is considered necessary, penalties. This Committee reports to the Audit and Control Committee.

Also, in relation to the reform of the Criminal Code in terms of the criminal liability of legal persons, FCC Group has drawn up a Manual for Preventing and Responding to Criminal Offences. During the year 2012 a report was prepared on the functioning of the internal controls established in the catalogue of priorities in terms of criminal offences and risk behaviours included in this manual.

- ***Whistleblowing channel that allows financial and accounting irregularities to be reported to the Audit Committee, as well as possible breaches of the code of conduct and irregular activities in the organisation, reporting the confidential nature thereof, as the case may be.***

FCC Group has set up a procedure allowing one to report, confidentially, any actions representing inappropriate conduct or actions in light of the Code of Ethics.

A specific Response Committee was set up, with the function of overseeing the proper operation of the established reporting channel, assessing possible improvements of the controls and systems established by the Company, processing reports so that they may be solved, encouraging knowledge of the Code of Ethics and regularly drawing up reports on the level of compliance therewith.

The Code of Ethics allows one to report, confidentially, in good faith and preferably not in an anonymous fashion, any actions contrary to the Code of Ethics they may observe. The reporting methods provided in the whistleblowing channel are:

- An html page on the Group's Intranet: internal reporting channel.
- By post, to Apdo. de Correos 19312, 28080-Madrid, managed by the Chairman of the Response Committee.
- An email sent to comitederespuesta@fcc.es, managed by the Response Committee.

In order to guarantee the confidentiality of the whistleblowing channel, the reception of reports is centralised by the General Manager of Internal Audit, who chairs the Response Committee, the body in charge of this procedure.

The Response Committee assesses the acceptability of the report received, according to a preliminary review of the contents, placing on record the reasoned decision it then takes. In any event the documentation that is generated is filed and the acceptance thereof entails the opening of a case file, all of the information of which is entered into the Complaints Management System.

- ***Training and periodic refresher programmes for personnel involved in the preparation and review of financial reports, as well as in the evaluation of the ICFR, at least covering accounting standards, auditing, internal control and risk management.***

Ongoing training of personnel is a basic aspect at FCC. It is set out in the values, policies and commitments approved by the Company's Management and it has the following goals:

- Obtaining better performance and efficiency from personnel in the development of their functions and in the functioning of the Company.
- Reaching career development goals (enhancing employment possibilities).

The General Manager of Human Resources of FCC and the General Administración and Information Technology Management jointly develop training plans for all the personnel involved in the preparation of the Group's Financial Statements. This Plan includes the permanent updating of standards affecting financial reporting and internal control in order to guarantee the reliability of the financial information.

In the year 2012, within the Corporate Training Plan, The FCC Management School includes training for the management team in Corporate Finance, Economic Environment, Financial Management, Analytical Accounting, Management Planning and Control, Taxation and Mergers & Acquisitions. Also, the FCC Corporate Processes School includes Finance training for non-financial personnel, Project Finance, Company Valuation, Analysis and valuation of investment projects, Management control, Payments methods for international trade and the accounting thereof, Foreign Trade Finance, Corporate Income Tax, Value Added Tax (VAT), International Taxation, Consolidation of Financial Statements, the New International Financial Reporting Standards (IFRS), Derivative Financial Products, Risk Management and Evaluation of the ICFR.

During the year 2012, 769,947 hours of training were given, mostly externally, of which 46,740 hours (6.1%) were for the acquisition, updating and recycling of economic and financial knowledge, including accounting and auditing standards, internal control and management and risk control, as well as other regulatory and business aspects that need to be known for the satisfactory preparation of the Group's financial reports, attended by an approximate total of 3,157 people.

The Corporate Training Plan prepared for the year 2013 completes the training offer in finance by including, within the FCC Corporate Processes School, advanced training in Finance for non-financial personnel, Valuation, monitoring and financial control of investment projects, Accounting, Advanced accounting, Advanced Excel for Finance, and the Management Chart as a Management Tool.

2. EVALUATION OF RISKS IN FINANCIAL REPORTING

2.1 Main characteristics of the risk identification process, including error or fraud, in respect of:

- *Whether the process exists and is documented.*

The Group is headed towards an integrated risk management model, allowing it to appropriately face the financial reporting and other risks to which its activities are subject. The chosen model includes development of a top level risk map using the Enterprise Risk Management (Coso II) method, which provides management with valuable information and contributes to the definition of the Group's strategy.

For this purpose risk maps have been drawn up for each one of the Business Areas: FCC Construcción (except Alpine), Aqualia, FCC Medio Ambiente, FCC Energía, FCC Ámbito, VERSIA (FCC Logística, Cemusa, SVAT and CyS), and FCC Environment.

In addition to this, risks maps are being prepared for the major corporate areas that affect all of the Group's activities: Human Resources, Finance, Administration and Information Technology, Internal Audit and Legal Counsel.

Given the singular nature of the different business areas in FCC Group, each one of them carries out its own risk management, and the reported information is used to prepare the Group's consolidated risk map.

FCC Group's risk model is described in the Risk Management procedure, as part of the Management Systems for the different Business Areas in the Group.

Risk maps include the major risks identified in the business areas, as well as the controls established by the Management to mitigate the effect of the aforementioned risks and the evaluation thereof in terms of likelihood of occurrence and impact on the financial statements of the area analysed. Thus, counting on the support of the risk managers of the different business areas, as "risk management coordinators", the Group Management is being guided through a process to redefine and improve the above-mentioned risks, including those related to financial reporting and the preparation thereof, both in terms of the definition and allocation of responsibilities regarding their management in the operational field and in the preparation of procedures and methods, which include the following:

- Identifying key risks for FCC Group based on the potential threat they pose to achieve the Group's objectives.
- Evaluating risks. The risk evaluation scales are defined in terms of the potential impact should they materialise and the likelihood that they will occur.
- Additionally, for those risks exceeding the Accepted Risk for each of the business sectors, the necessary action plans are established with possible corrective measures in order to make their critical scale fall within the Accepted Risk. These action plans include the actions required to reinforce the existing controls and they even incorporate new controls thereto.
- Periodically, the Directors of each business area analyse, in collaboration with the Management Control and Risk Control Department, what risks have materialised in each one of the Group Areas, reporting them to the Audit and Control Committee.
- Periodically Risk Committees are held in the different business areas, to analyse the risks that have been identified and to monitor them.
- Mechanisms for periodically reporting the results of the risk evaluation and monitoring.
- Implementation of specific procedures to document risk management in the decision-making process.

Risk maps, as stated in the Comprehensive Risk Management model, are updated annually.

Periodically, Risk Committees are held in each business area, where the identified risks are monitored and the results are subsequently reported to the Audit and Control Committee. The implementation model is described in the risk management procedure as part of the Management systems in the Group's different business areas.

The entire process of identifying and monitoring risks is done for all the Group's risks and, in particular, it includes the risks arising from the reliability of top level economic and financial reporting.

Regarding the risks arising from the Group's criminal liability, in particular the risk of error or fraud, which are considered in the Spanish Criminal Code, there has been a preventive identification of risks and controls mitigating them, as well as of the response thereto.

In summary, the main characteristics of the Comprehensive Risk Management model in FCC Group are:

- Preventing and controlling the risks that might affect achieving the objectives set by the Group;
- Ensuring compliance with the legal regulations in force and with the Group's internal rules and procedures;
- Guaranteeing the reliability and integrity of the accounting and financial reporting.
- ***Whether the process covers all the financial reporting objectives (existence and occurrence; integrity; assessment; presentation, breakdown and comparability; and rights and obligations), whether it is updated and how frequently.***

The Operating Risks identified in the Risk Map include the risk of reliability of the economic and financial information affecting each one of the business areas. For the global assessment of this risk we generally consider the risk of errors in the financial reporting in each of the business areas that are analysed, to cover all the objectives of financial reporting, mainly registration, integrity, cut-off of operations, homogeneity of the reports, validity and valuation.

The risk maps described above are updated at least annually. The last annual update took place in December 2012. This update was presented to the Audit and Control Committee on 31 January 2013.

- ***The existence of a process to identify the consolidated group, taking into account, among other aspects, the possible existence of complex corporate structures, shell corporations or special purpose vehicles.***

The Group has a register of companies that is continually updated and includes all the Group's holdings, whatever their nature, whether direct or indirect holdings, as well entities in which the

Group has the capacity to exercise control regardless of the legal form through which it obtains that control, therefore including both shell corporations and special purpose vehicles. This corporate register is managed and updated according to the procedures regulated in the Group's Economic and Financial Manual.

The Corporate Intranet provides individual entries on each company with all of the relevant information on each one of them: shareholders, corporate purpose, administration body, etc.

Each of the areas of the FCC Group organisation is responsible for the maintenance and updating of the consolidated companies corresponding to its business area. The Administrative Coordination Division keeps the database updated in the Corporate Intranet mentioned in the preceding paragraph, as well as the Economic and Financial Manual as regards the list of companies making up the consolidated Group, based on the data provided by the business areas.

- ***Whether the process takes into account the effects of other types of risks (operational, technological, financial, legal, reputational, environmental, etc.), insofar as they affect the financial statements.***

The risks associated to achieving the objectives of financial reporting are an integral part of FCC Group's risk map, therefore they do take into account the effect of other types of risk.

FCC Group's global risk management system, following the best business practise in the field and applying the Coso II method, has categorised risks as follows:

- **Strategic risks.** These are key risks for the Group and they are managed as a priority. These risks are related to the markets/countries/sectors where FCC Group operates. They also include risks involving reputation, innovation, economic planning, definition of the structure and objectives and the effectiveness of information disclosure and information flow.
- **Operational risks.** These risks are related to operations management and the value chain of each one of the business areas where FCC Group operates. They include risks related to the tender and contracting processes, selection of partners, outsourcing and suppliers, labour, collection and customer satisfaction processes, as well as risks having an impact on the reliability of the financial reporting.
- **Compliance risks.** Those affecting regulatory compliance, both internally and externally. These include the risks related to compliance with the applicable laws (in the field of quality, the environment, information security, prevention of industrial risks, etc.), the fulfilment of contracts with third parties and compliance with the FCC Group Code of Ethics.
- **Financial risks.** Risks associated with the financial markets and with the generation and management of cash. Financial risks include those related to liquidity, working capital management, access to financial markets, exchange rates and interest rates.

These risks are aligned with FCC Group's global risk policy.

- **What governing body in the Company supervises the process?**

The supervision of the process use to identify risks in financial reporting is done by the Audit and Control Committee via the General Manager of Internal Audit and the General Administration and Information Technology Management, as part of their functions of supervising the internal control and risk management systems of FCC Group, as set out in the Rules of the Board of Directors.

Throughout the year 2012 the Audit and Control Committee has been informed of the results of the updates of the risk maps carried out during the period.

3. CONTROL ACTIVITIES

3.1 Procedures for reviewing and authorising financial reports and description of ICFR, that are to be disclosed to securities markets, indicating who is responsible, as well as the documentation describing the activity flows and controls (including those related to the risk of fraud) of the different types of transactions that could materially affect the financial statements, including the procedure for closing the end-of-period accounts and the specific review of relevant judgements, estimates, appraisals and projections.

As mentioned in the preceding section of this document, the Group is headed towards an integrated risk management model, allowing it to appropriately face the financial reporting and other risks to which its activities are subject.

This integrated risk management model is geared towards compliance with the four major objective categories established by this model:

- Effectiveness and efficiency of transactions.
- Safeguarding of assets.
- Reliability of the financial reporting.
- Compliance with applicable laws and regulations.

In this way objectives are related to the risks that could hinder the achievement thereof and to the control activities required to ensure that the response to these risks is conducted adequately in order to achieve the proposed objectives:



Control activities are documented in the policies and procedures that tend to ensure that FCC Group management's guidelines are followed, and that the necessary measures are taken to face the risks that jeopardise achieving the Group's objectives. The control activities are carried out in any part of the organisation, at all levels and in all of the functions, and they comprise a number of very different activities. They are applied by Company personnel, using their application systems

and other resources established to ensure that the control objectives are reached and that the risk mitigating strategies are executed.

FCC Group has implemented control activities at corporate level and in each one of the business areas, such as to mitigate the risks included in the risk maps indicated in section 2 above. These control activities could be classified in the following groups:

- High level reviews: Related to approvals, authorisations, verifications and reconcilements. Senior management reviews the evolution of actual figures compared to the forecasts included in the Strategic Plans and the figures from prior periods.
- Direct management of specific functions or operating activities: reviews of the operating functions that are carried out in relation to the objectives sought and the risks that jeopardise them.
- Processing and security of information: controls related to the verification of the exactness, integrity and authorisation of transactions.
- Physical controls: periodic reconcilements of the inventory and security of the assets.
- Performance indicators: these are applied when matching operating and financial data.
- Separation of functions: division of functions among different people to reduce the risk of error or fraud.

In order to cover the preceding activities, the different business areas have defined in their procedures, the controls they have considered necessary with the objective of covering the risks in each of the areas. Regarding the control of information systems, a distinction can be made between general controls such as information technology management, information technology infrastructures, security management and software acquisition, maintenance and development, among others, and application controls such as control digits, reasonability tests, logical tests, predefined data lists, etc.

The control weaknesses detected by the General Manager of Internal Auditing in relation to Internal Control are passed on to the Audit and Control Committee via reports including the recommendations considered necessary for the weaknesses that have been identified.

On the other hand, the specific review of the noteworthy judgments, estimates, valuations and projections in the quantification of certain assets, liabilities, income and expense commitments recorded and/or detailed in the Financial Statements is done by the General Administration and Information Technology Management, supported by the rest of the Departments. Hypotheses and estimates based on the evolution of business are reviewed and analysed together with the corresponding Business Departments.

Additionally, a review is conducted by the external auditor, supervised by the Audit and Control Committee, at least half-yearly.

The main procedures are included in the Group's General Rules Manual and in the Economic and Financial Manual. These procedures include the closing of the accounting period and the maintenance of the Accounting Plan. In addition, the persons in charge of the Group's accounts receive indications on the registration of transactions that had not taken place in the Group before, and these criteria are incorporated to the next update of the Manual.

FCC Group periodically discloses financial reports to the securities market, on a quarterly basis and whenever relevant events take place that must be disclosed pursuant to the laws in force.

The periodic financial reports are drawn up by the Group's General Administration and Information Technology Management, which performs certain control activities at the end of the accounting periods to ensure the reliability of the reports. Once the financial report has been consolidated in the software application under SAP, it is reviewed by the General Administration Management, the Management Committee, the Director General of Internal Audit and the external auditor.

Last of all, the Audit and Control Committee presents to the Board of Directors its conclusions on the financial report so that, once it is approved by the Board of Directors, it may be disclosed to the securities markets.

Article 10 of the Rules of the Board of Directors states the following in relation to the specific functions regarding the Financial Statements and the Directors' Report:

- The Board of Directors shall draw up the Financial Statements and the Directors' Report, both separately and on a consolidated basis, such as to give a true and fair view of the assets, the financial position and FCC's results, as provided by Law, following a favourable report by the Audit and Control Committee. The statements shall be certified beforehand, as to their integrity and exactness, by the General Administration and Finance Management with the Approval of the Chairman, if he has executive functions, or otherwise by the Chief Executive.
- The Board of Directors, after reviewing the reports mentioned above, may request any clarifications deemed appropriate from those who issued the reports.
- The Board of Directors shall ensure, in particular, that the above-mentioned accounting documents are drafted in clear and precise terms so that the contents are easy to understand. In particular, they shall include any comments that are useful for that purpose.
- Members of the Board of Directors shall place on record that, before undersigning the Financial Statements as required by Law, they have had access to the report thereon that is to be prepared by the Audit and Control Committee, as well as, in general, to the information required for that act, and they may set down any comments they consider relevant.
- On a quarterly basis, the Board shall review the FCC Group accounts, after receiving a report from the Audit and Control Committee.

Likewise, article 11, in relation to the specific functions with respect to the Securities Market, establishes the following:

- In particular, the Board shall perform, in the manner provided in the Rules, the following specific functions in relation to the Securities Market:
 - o The performance of any acts and the adoption of any measures required to ensure the transparency of FCC in the financial markets.
 - o The performance of any acts and the adoption of any measures required to promote the proper price formation of FCC shares, particularly preventing manipulation or the use of privileged information.
 - o The approval and update of the Internal Rules of Conduct in relation to Securities Markets matters.
 - o Approval of the Annual Corporate Governance Report mentioned in article 116 of the Spanish Securities Market Act.

Last of all, article 14 “Market relations,” states the following:

- The Board of Directors shall adopt the measures required to ensure that periodic financial information and any other information disclosed to the market is drawn up pursuant to the same principles, criteria and professional usage as the financial statements and is as reliable as the latter.

On the other hand, the Group’s Internal Audit Basic Standards establish, among the functions and attributions of the General Internal Audit Management, the “review of the (individual and consolidated) accounting information, the management reports and the financial reports that are periodically disclosed to the markets, evaluating their correctness and reliability, the compliance with the laws in force and the proper application of generally accepted accounting principles” and “suggesting internal control measures to facilitate compliance with the standards when preparing and disclosing financial reports.”

3.2 Internal control policies and procedures for information systems (among others, with regard to secure access, control of changes, operation thereof, continuing operations and separation of functions) supporting the Company’s relevant processes in relation to the preparation and disclosure of financial reports.

The General Administration and Information Technology Management is responsible for the Information and Telecommunication Systems of all the businesses and countries in which FCC Group operates. It’s multiple and varied functions include the definition and monitoring of security policies and standards for applications and infrastructures, including the internal control model within the scope of information technologies.

FCC Group's internal control model considers the computer processes, comprising the I.T. environment, architecture and infrastructures, on the one hand, and the applications affecting the transactions with a direct effect on the company's main business processes and hence on financial reporting and on the end-of-period closing processes. The aforementioned controls may be developed by means of automated activities in the computer programs themselves or through manual procedures.

FCC Group applies an internal control model to the Reporting Systems and it particularly pays attention to the control of the "Financial Environment Map", focusing on ensuring the quality and reliability of the financial reporting in the process of closing periods and hence of the information disclosed to the markets. In this respect, the Company has a governance framework for information technology related environments and it relies on multiple and varied functions that are defined within the security policies and standards for the internal control application within the scope of I.T. management.

In respect of this indicator, the following areas are considered priorities:

- Programs and Data Access.
- Change Management.
- Development Management.
- Transaction Management.
- Documentation Management.

Within these five areas, the following controls over the applications supporting the financial environment are considered especially relevant:

- Information Management Policy.
- Financial environment map.
- Role matrix and responsibility of the applications.
- Demand for developments and functional change management.
- Demand for infrastructure change management.
- Specification and approval of tests and user acceptance.
- Technical and functional requirements specification.
- Incident management.
- Job management.
- Environment continuity management.
- Service level agreement and management thereof with third parties.
- Physical Security of the Data Processing Centres (DPC).

It should be noted that the company has a certified information security management system, based on the ISO/IEC 27001 international standard, for the Construction business area. This standard defines and establishes the principles of functionality, security and responsibility and it may be extrapolated to different areas in the organisation.

FCC Group, aware of the importance of the security of the information it processes, has developed a set of policies and standards that help to ensure the confidentiality, integrity and

availability of its information systems. The aspects related to the internal control over the financial reporting are regulated in the “Information Security” Corporate Standard.

This document defines the functional principles and the bodies responsible for Information Security and it directly involves the business, demonstrating its support in this paragraph of the Policy itself:

“The Chief Executive and the Management Committee shall have these responsibilities:

- To establish the general criteria for the classification and management of information assets.
- To approve:
 - o The Security Organisation and Management Model.
 - o The Information Assets Classification and Management Model.

One of the fundamental principles governing the functioning of the above-mentioned standard is the Principle of Information Integrity: information management shall be governed by policies, standards, procedures and guidelines to ensure its confidentiality, integrity and availability.

FCC Group has a security model that requires, in order to operate, an organisational structure and the allocation of roles and responsibilities in terms of security:

- The Information Technology Committee will act as the highest body coordinating the Group’s information security.
- The Information Security and Technology Risk Management Department defines the security requirements in projects that develop new applications and it successively validates the functionality of the mechanisms and controls implemented in the applications before going into production.
- The Information Security and Technology Risk Management Department is integrated within the Change Management Committee with the object of verifying the conformity of the proposed changes in the I.T. infrastructure with the security requirements established in the FCC Group Information Security Policy.
- The Information Security and Technology Risk Management Department uses different monitoring tools that analyse the operation of FCC Group’s information systems, ensuring that they are able to generate warnings in real time when they detect security incidents.

Information security is evaluated periodically. In this respect, the Information Security and Technology Risk Management Department performs the following audits:

- Regulatory compliance regarding Personal Data Protection, biannually.
- Analysis of information system vulnerability.
- Information system intrusion test.

Since the year 2011, the management of the technology infrastructures of FCC Group’s information systems is outsourced. The contract with the external firm includes a clause ensuring the rendering of services according to the best practices in the market as regards I.T.

3.3 Internal control policies and procedures used to supervise the management of activities outsourced to third parties, together with evaluations, calculations or assessments entrusted to independent experts, which could materially affect the financial statements.

FCC Group has not outsourced any relevant activities used to execute or process transactions shown on the Group's financial statements, with the exception of the valuation of financial derivative products, the performance of actuarial calculations and the carrying out of certain property appraisals on an ad-hoc basis.

There is an internal procedure for hiring external advisers, which requires certain levels of approval depending on the amount involved, including, if appropriate, the approval of the Chief Executive of the Company. The results or reports by persons hired in the fields of accounting, taxation or legal issues are supervised by the persons in charge of General Administration and Information Technology Management, General Legal Counsel Management and General Internal Auditing Management, and of other Departments if it is considered necessary.

As mentioned above, FCC Group has outsourced the rendering of information infrastructure management services. Furthermore, as part of the contract, investments are being made to standardise the architecture of FCC's system and to remove any differences between the environments managed by Group companies in terms of availability and integrity.

Of the projects being performed, it is important to highlight the following:

- Consolidation of the centralised Information Technology infrastructure in two high availability data centres in Madrid.
- Complete overhaul of the workstations in a virtualised environment or with automatic back-up to guarantee the availability of the information.
- Consolidation of operations in global centres with standard tools.
- Implementation of a single, common Service Desk through which all information system incidents are channelled.
- Implementation of a single wide area network (WAN) to standardise the ability of users to access the Group's information systems.

As an internal control procedure for supervising the management of these outsourced activities, the Group has implemented a catalogue of services managed with unified service quality and measured according to pre-agreed Service Level Agreements (SLA).

Last of all, it should be noted that FCC Group has procedures to supervise the activities the businesses in which it operates by means of corporate structures where either it does not have a controlling interest or they are not administrated directly by the Group, for instance in joint ventures (UTEs).

4. REPORTING AND COMMUNICATION

4.1 This is a specific function in charge of defining and updating the accounting policies (accounting policies area or department) and solving any doubts or disputes arising from the interpretation thereof, communicating constantly with the operations managers in the organisation, together with an updated accounting policy manual that is communicated to the units through which the Company operates.

The responsibility for the application of FCC Group's Accounting Policies lies with the General Administration and Information Technology Management, which includes the Group's Administrative Coordination Division, with the following functions, among others:

- Defining the Group's accounting policies.
- Issuing the accounting standards to be applied in the Group.
- Solving doubts or disputes arising from the interpretation or application of the Group's accounting policies for any company in the Group.
- Analysing special operations and transactions carried out or scheduled to be carried out by the Group to determine how they are to be accounted for according to the Group's accounting policies.
- Monitoring the new regulations being considered by the IASB, the new standards already approved by the aforementioned Body and its validation process by the European Union, determining the impact that the implementation of those standards will have on the Group's Consolidated Financial Statements.

Thus the Administrative Coordination Division keeps all those in charge of preparing financial statements at the different levels of the Group informed of the regulatory modifications, clarifying any doubts that may arise, and at the same time it gathers from the Group companies, the information necessary to ensure the coherent application of the Group's Accounting Policies and determining the impact of the application of the new accounting standards.

FCC Group's General Internal Auditing Management details, within its Internal Auditing Plan, as one of the functions it is responsible for, the task of supplementing, from the standpoint of accounting standards, all the technical queries made from any of the business areas in which the Group operates.

Wherever the application of the accounting standards is subject to different interpretations, the General Internal Auditing Management and/or the General Administration and Information Technology Management may take part in the explanation given to the external auditor of the reasons for the interpretation adopted by FCC Group.

FCC Group is made up of a large number of companies operating in different countries and it is obliged to draw up its consolidated statements according to the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS) adopted by the European Union, as detailed in the Group's Economic and Financial Manual.

The Group's Economic and Financial Manual establishes, in the first chapter, the accounting base on which FCC Group must function, allowing it to draw up the Group's consolidated financial statements, as well as any other financial statements or periodic information that are to be disclosed.

In FCC group subsidiaries, joint ventures and associated companies where what is established cannot be applied, the necessary information must be available in order to homogenise it by introducing the appropriate adjustments, so that the resulting information complies with the established criteria.

In order to homogenise FCC Group's economic and financial reporting on the basis of international standards, financial statement models and a corporate accounting chart have been developed; they are likewise included in the Economic and Financial Manual.

This Manual is updated, according to the evolution of accounting regulations, by the Administrative Coordination Division, and it is available on the Group's Intranet (FCCnet) under "Regulations" and it may be consulted by Group employees. It is also possible for users to create a warning whenever any updates have taken place in this Manual.

The regulations are updated in a coordinated fashion by the departments that know about, are experienced and involved in the matters at issue, and this is ultimately approved by General Administration and Information Technology Management.

4.2 Mechanisms for gathering information and preparing financial reports with homogeneous formats, to be applied and used by all the units in the Company or Group, supporting the main financial statements and the notes thereto, as well as any financial information detailed on ICFR.

FCC Group has implemented a common reporting system based on the application in SAP, with which it intends to cover its individual financial reporting needs as well as to systemise and standardise the consolidating process of the Group's economic-financial information. This application gathers, by reporting units, at a "business sector" or legal corporation level, as required, the information needed to draw up different types of economic and financial reports, both for internal use and for disclosure to public bodies and institutions.

The tool centralises in a single system all the information corresponding to the accounting of individual financial statements of the subsidiaries making up the Group. The system is centrally managed and it uses a single accounting plan, and the information is automatically loaded into this consolidation system from SAP.

The procedures to gather and prepare financial information are documented in the Economic and Financial Manual, establishing the availability dates, in the Administration and Information Technology Area, of the economic and financial information to be furnished by the Administration and Finance Departments of the different business areas (standard 8.01.01); the consolidated economic and financial documentation, on the one hand, and that of FCC, S.A. (CEBEs and UTEs), on the other hand, to be furnished to the Administration and Information Technology

Management by the Administration and Finance Departments of the business areas (standards 8.01.02 and 8.01.03 respectively). These procedures do not specifically consider information on the Internal Control System, this information is obtained via specific requests to the persons in charge of the areas involved.

Additionally, for the closing of the year-end accounts and with the object of disclosing the annual financial report within the two months following the end of the year, pursuant to Royal Decree 1362/2007, of 19 October, in relation to the transparency requirements regarding the information on issuers whose securities are listed on an official secondary market or other regulated markets in the European Union, the General Administration and Information Technology Management sends out the end of period plan by email, which includes instructions for those responsible for providing the corresponding financial information. The Administrative Coordination Division specifies, clarifies or increases the instructions whenever require.

The accounting policies, procedures and internal standards related to the closing, reporting and consolidation processes are described in the Group's Economic and Financial Manual, also detailing the information to be furnished for the consolidation and defining the base documents or forms to provide that information.

Another procedure for capturing financial information is the implementation of a tool in a SAP environment allowing the FCC Group Corporate Finance Division to obtain all the banking information from each company and with all of the financial entities they operate with.

With respect to the description of the internal control over financial reporting (ICFR), FCC Group has identified the controls it has in place to respond to the indicators proposed by the CNMV Internal Control Task Force and those responsible for it. As a result of this process an additional file has been created with the supporting documentation provided by those responsible for each one of the indicators.

5. SUPERVISION OF THE SYSTEM'S FUNCTIONING

5.1 ICFR supervision activities performed by the Audit Committee, and whether the Company has an Internal Audit function authorised to support the Committee in its task of supervising the Internal Control System, including ICFR. Information will also be given on the scope of the ICFR evaluation carried out during the year and on the procedure whereby the person in charge of performing the evaluation communicates the results, whether the company has an action plan detailing any corrective measures, and whether the impact on the financial reporting has been considered.

The FCC Group Internal Audit Basic Standard, heading three, states that "The goal of the General Internal Auditing Management is to provide the Board of Directors, via the Audit and Control Committee and the Senior Management of FCC Group, with which it collaborates actively, with the effective supervision of the internal control system, by exercising a unique and independent governance function aligned with professional standards, contributing to Good Corporate Governance; to check the proper fulfilment of the applicable regulations, both internally and externally, and to reduce the possible impact of risks to achieve the FCC Group objectives to reasonable levels."

The General Internal Auditing Management, delegated by the Audit and Control Committee, has as its goal, as stated in the Group's Internal Audit Basic Standard, sections 4 and 5: to be able to evaluate the adequacy and effectiveness of the internal control systems. To this end the Internal Audit function reaches the entire FCC Group in respect of:

- Reliability and integrity of the economic and financial information, both internal (reports on management) and external.
- Systems and operations review to check the compliance with the policies, procedures and regulations approved by Management, and also compliance with the laws in force.

Heading 9 of this standard establishes the functions and attributions of the General Internal Auditing Management:

- "The General Internal Auditing Management has the fundamental mission of facilitating for the Audit and Control Committee, the compliance with the competencies and responsibilities conferred to that Committee by article 41 of the Rules of the Board of Directors in force."
- "The functions of the General Internal Auditing Management are supervising the efficiency of the internal controls, ensuring compliance with legal requirements, evaluating and improving the risk management processes and ensuring that the financial reports that are prepared are correct and adequate for FCC Group. These functions are specified in:
 - o Analyses and evaluation of the systems ensuring compliance with the policies, procedures, standards, regulations and plans. The sufficiency and effectiveness of the internal control systems, making suggestions for improvement.
 - o Review of the application and effectiveness of the risk management procedures and its assessment systems.
 - o Monitoring compliance with the standards and guidelines established by Management, especially the Code of Conduct and the General Standards Manual.
 - o Review of the (individual and consolidated) accounting information, the management reports and the financial information disclosed periodically to the markets, evaluating their correctness and reliability, the compliance with the laws in force and the correct application of generally accepted accounting principles. Suggestion for internal control measures facilitating compliance with the regulations in the preparation and disclosure of financial reports.
 - o Checking that the assets really exist and the systems, guaranteeing its integrity and safeguarding.
 - o Providing support to the different areas for their technical relations, control and monitoring with the external auditors.

- o Assisting the members of the Group's Organisation, providing them with analyses, recommendations, advice and information on the reviewed activities, informing the Management of any incidents that are detected and recommending corrective actions.
- o Compliance with the Annual Auditing Plan, informing periodically on its evolution.
- o Supervising the work of the external auditors, requesting and receiving information on any aspect related to the auditing process, liaising between the external auditors and the Audit and Control Committee, forwarding the conclusions of the review by the external auditors, especially any circumstances that might jeopardise their independence. It will also make a proposal on the appointment of the external auditors to enable the Audit and Control Committee to fulfil its obligations with the Board of Directors.
- o Any other functions assigned by the Audit and Control Committee.

The General Internal Auditing Management will act independently of the management areas. A resolution of the Board of Directors, dated 26 October 2004, established that the General Internal Auditing Management was functionally dependent on the Audit and Control Committee and organically dependent on the Chairman of FCC Group. The members of the General Internal Auditing Management perform their functions independently without sharing their responsibilities with other management areas.

As mentioned in section 2.1 above, the Group is headed towards an integrated risk management model, allowing it to appropriately face financial information risks and others to which its activities are subject. To this end, the General Administration and Information Technology Management allocated funds to the Management Control and Risk Management Department, which works alongside the General Internal Auditing Management to carry out this task.

The deterioration of the economic environment during recent years has increased the exposure of companies to the different risks. In this respect, the Group's General Internal Auditing Management, as detailed in the Auditing Plan drawn up in compliance with the Basic Auditing Standard, considers it necessary to analyse and evaluate, by way of different indicators, the impact caused in the business areas in order to advise the Audit and Control Committee and make the right recommendations to allow to minimise the impact of the risks in relation to the Group's financial reporting.

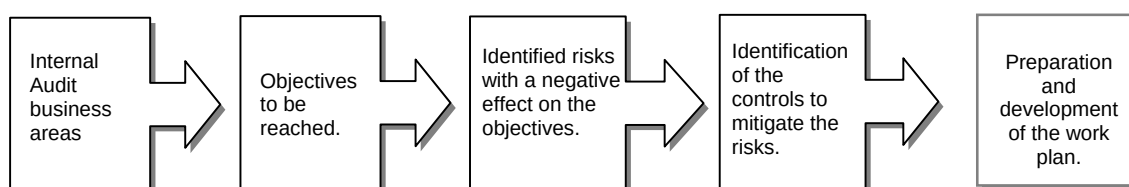
Depending on these variables, the scope of the auditing work is defined, to provide the Audit and Control Committee and Management in general with reasonable security as regards the correct functioning of the internal control systems, on the compliance with the main risk management policies of the Group and the reliability of the economic and financial information prepared by the Management and submitted to the Board of Directors for approval.

The basic function of the Audit and Control Committee is to support the Board of Directors in its supervisory duties by periodically reviewing the processes applied to prepare the financial information, the internal controls and the independence of the external auditors.

The Audit and Control Committee meets with the External Auditor and listens to the explanations given by the General Finance Management and the General Administration and Information Technology Management.

The auditing plan does not include the work that can be performed by the Internal Audit Departments of the FCC Group listed subsidiaries Cementos Portland Valderrivas and Realía, without prejudice to the coordination tasks taking place between the different Internal Audit Departments, with the object of being able to inform FCC Group's Audit and Control Committee of the effect that the risks of these Groups may have on its consolidated financial statements.

The Auditing Plan (prepared in compliance with the Basic Auditing Standard) is done according to the following diagram:



According to the 2012 Auditing Plan communicated to the Auditing Committee for the year 2012, the General Internal Auditing Management has carried out the following tasks in relation to the Group's financial information internal control system, in the areas of:

- I.T. audit: there have been reviews of the role and separation of function matrix models in FCC Construcción, Alpine and in Service Business Areas (Aqualia and FCC Medio Ambiente), reviews of the General I.T. Controls in the Construction areas, work to validate the effectiveness of automatic controls in the FCC Construcción SAP for Machinery, validation of the Security of the implementation of SAP to manage payrolls in all the business areas of FCC Group, ISO 27001 Audit in the FCC CO area and half-yearly reviews of SAP (the FCC Group financial system).
- Environmental audit: review of the models to estimate environmental provisions at FCC Environment.
- Review of the financial information in the different business areas: Construction, Industrial waste services, Waters, Energy, Environment and Versia, mainly the information on provisions, judgments and estimates.
- Analysis of the audit opinions on the audited companies: systematic analysis of the audit opinions on the FCC Group companies, with the purpose of monitoring the companies that do not receive a favourable opinion of the auditor.
- Monitoring of the reporting obligations to financial institutions (covenants): coordination of the work between the external auditors and the business areas, analysing and reviewing the information put together by these areas, which must be certified by the auditor. Involvement in the process of certifying financial ratios determined using statutory financial statements that have already been audited.

- Criminal liability of the legal person or body corporate: evaluation of the design of the controls implemented at FCC with respect to the modification of the Criminal Code, verification of the measures and controls established in the Group for the prevention and detection of criminal offences.
- Internal communication channel: Review of the fulfilment of the communication obligations established in FCC Group's Internal Rules of Conduct and in its Code of Ethics.
- Monitoring of internal control recommendations made in prior years.
- Other financial reporting review functions: Supervision of the quarterly, half-yearly and annual accounts its Notes. Internal Audit reviews the consolidated and separate financial statements with the purpose of identifying whether the amounts and the information detailed in the statements are in keeping with the IFRS or the Spanish General Chart of Accounts. Additionally, the reports sent to the CNMV are supervised.
- Technical queries: Internal Audit collaborates in responding to queries on the accounting of certain transactions depending on how complex they are.

The outcome of the reviews carried out by the General Internal Auditing Management and the incidents that were detected, have been communicated to the Audit Committee throughout the year.

5.2 Discussion procedure whereby the auditor (in accordance with that provided in the Technical Auditing Standards), the Internal Audit function and other experts can communicate to Senior Management and to the Audit Committee or to Directors of the Company any significant internal control weaknesses identified during the process of reviewing the financial statements or any other reports entrusted to them. It should also be stated whether there is an action plan to correct or mitigate the weaknesses observed.

FCC Group's Basic Internal Audit Standard, in heading 7.i), states that "the Audit and Control Committee is to be informed, through the General Internal Auditing Management and its relations with the external auditors, of the financial reporting preparation process, the correct application of generally accepted accounting principles, and of the fulfilment of legal requirements and the functioning of the internal control systems."

As stated in the preceding section, the goal of the General Internal Auditing Management is to provide the Board of Directors, through the Audit and Control Committee and the Senior Management of FCC Group, with the effective supervision of the internal control system.

This goal is met by providing the FCC Group Management with an independent opinion on the Organisation's preparation to achieve its objectives, by means of a systematic and methodological approach to the evaluation, management and improvement of the effectiveness of these processes:

- **Risk Management:** the processes followed by Management to identify, evaluate and respond to the potential risks that may affect the Organisation being able to achieve the business objectives set out in the Strategy Plan.
- **Internal Control:** the policies, standards, procedures and activities making up the control system set by FCC Group to ensure proper management and to keep risks to a minimum.

As detailed in the preceding section, heading 9 of the Group's Basic Internal Audit Standard establishes, among the functions and powers of Internal Audit: "Assisting the members of the Group's Organisation, providing them with analyses, recommendations, advice and information on the reviewed activities, informing the Management of any incidents that are detected and recommending corrective actions."

FCC Group's General Internal Auditing Management periodically informs the Audit and Control Committee of the significant internal control weaknesses identified when performing its work, making recommendations for the adequate correction of those weaknesses. In 2012 it attended all the Audit and Control Committee meetings.

With the purpose of ensuring that the financial information forwarded to the Audit and Control Committee has been prepared according to generally accepted accounting principles and gives a true and fair view of FCC Group, the General Internal Auditing Management conducts review processes of the (individual and consolidated) accounting information, the management reports and the financial reports that are periodically disseminated to the markets.

Additionally, the Group's auditor has direct access to the Group's Senior Management and has periodic meetings with them, both to obtain the information needed to perform their work and to report any control weaknesses that have been detected. The external auditors present the conclusions of their reviews to the Audit and Control Committee at least three times a year, detailing the internal control weaknesses that have surfaced when reviewing the Group's financial statements, including any aspects they consider relevant. In 2012 the external auditor attended 4 Audit and Control Committee meetings.

6. OTHER RELEVANT INFORMATION

N/A

7. EXTERNAL AUDITOR'S REPORT

7.1 If the ICFR information disclosed to the markets has been reviewed by the external auditor, the Company must include the relevant report as an Exhibit. Otherwise, the reasons why said report is not available must be explained.

The information included herein on the Internal Control over Financial Reporting System has been reviewed by the External Auditor, and the report is attached as an exhibit to the actual document.

OTHER ADDITIONAL INFORMATION IN RELATION TO THE 2012 ANNUAL CORPORATE GOVERNANCE REPORT

Information on securities that are not listed on a regulated market in the EC, stating, if appropriate, the different classes of shares and, for each class of shares, the rights and obligations they confer, as well as the percentage of the share capital represented by the Company's treasury shares and any significant variations (art. 61 bis 4. a) 3 of the Spanish Securities Market Act).

A) Securities that are not listed on a regulated market in the EC:

At present bonds exchangeable for shares of the company have been issued; their terms and conditions are subject to English Law and they are listed on the unregulated Euro MTF Luxembourg stock exchange (multilateral trading platform).

Their characteristics are mentioned in Relevant Events numbers 114574, 114614, 116937, disclosed to the CNMV and described below:

Relevant Event number 114574

On 7 October 2009, Relevant Event number 114574 was disclosed, which included information on "the issue of bonds exchangeable for Company shares, which are expected to be listed on an unregulated market (Euro MTF Luxembourg)." The contents are the following:

"The Executive Committee, pursuant to the resolution of the delegation of the Annual General Meeting of Shareholders of 18 June 2008 and of the Board of Directors of 30 September 2009, unanimously resolved at its meeting of 6 October 2009 to carry out the issue of bonds exchangeable for Company shares (the "Bonds"), establishing the main characteristics thereof, but there are yet to be determined some of the terms and conditions of the Bonds (the "Terms and Conditions"), once the bookbuilding process that is scheduled to be performed by the Joint Lead Managers (as defined later) is completed today.

II. The main characteristics of the bond offer are the following:

- (a) The initial amount of the issue is four hundred and fifty million euros (€450,000,000).
- (b) The issue will be underwritten by Barclays Bank PLC and Société Générale (the "Joint Lead Managers"), subject to the signing of the Subscription Agreement (as defined below) and it will cater to qualified international investors.
- (c) The bonds will be non-guaranteed debentures of the Company and they will have equal rank among them ("*pari passu*") and as the rest of the past and future ordinary non-guaranteed loans of the Company, with the exception of certain loans from financial entities amounting to €3,306,554,225, €186,900,000 and €153,850,000 with final maturity on 30 December 2013, in respect of which they will be subordinated debt, and those which have legal preference.
- (d) The Bonds will be issued at par value, in registered form, with a principal amount of fifty thousand euros (€50,000). The Bonds are of a single series and they will be represented by registered bonds, initially under the form of a single global certificate ("Global Certificate"), although it is possible that they may be subsequently represented by means of definitive registered certificates ("Definitive Registered Bonds").
- (e) The Bonds will accrue a fixed annual interest payable half-yearly, which will ultimately be determined by the Company once the Joint Lead Managers have finished the bookbuilding process, and it is estimated that it will be set between 5.50% and 6.00% per annum.
- (f) The redemption price at the maturity of the Bonds will be 100% of the nominal value.

(g) The Bonds will be exchangeable, at the choice of the bondholders, for existing shares in the Company, according to the Terms and Conditions of the issue, which among other things determine the exchange period and price (as defined below).

Pursuant to the provisions in the Terms and Conditions of the issue, the Company may choose to meet its obligations as a consequence of the bondholders exercising their right of Exchange by delivering newly issued shares, provided that (i) the Extraordinary General Meeting of Shareholders of the Company, which is scheduled to be called soon following a resolution of the Board of Directors, approves the exchange of Bonds for newly issued shares in the Company, the exclusion of pre-emptive subscription rights to which shareholders would be entitled, and the corresponding capital increase to allow such exchange, and that (ii) said resolutions are recorded at the corresponding Mercantile Registry.

(h) The exchange price ("Exchange Price") will be established by the Company taking into account:

(a) The Stock Exchange price of the Company's shares, determined on the basis of the weighted average price of the shares considering their trading volume on the Stock Exchange during the period comprised between this notice of the issue ("launch") and the setting of the above-mentioned Exchange Price today ("pricing"); and (b) an exchange premium also to be determined, which will be set between 28% and 33% of that price, determined as a result of the bookbuilding process performed by the Joint Lead Managers.

(i) The issue is backed by the Company's assets and there is no special third-party guarantee.

(j) The Terms and Conditions of the Bonds are subject to English Law and it is expected that the Bonds will be listed on the unregulated Euro MTF Luxembourg stock exchange (multilateral trading platform).

(k) The Terms and Conditions will be set by the Company once the Joint Lead Managers have carried out the bookbuilding process (scheduled for today), and today it is also expected that the subscription agreement ("Subscription Agreement") for the Bonds will be signed with the Joint Lead Managers, subject to English Law.

The Bonds will be subscribed and paid for on the closing date, initially scheduled for 30 October 2009, provided that the conditions provided in the Subscription Agreement are met.

III. The Company will accept a 120 day lock-up commitment as from the signing of the Subscription Agreement, by virtue of which it undertakes not to carry any issues, offers or sales of securities, shares or options during that period. This restriction will not affect the capital increase for the issuance of FCC shares which, as the case may be, could be approved by the Extraordinary General Meeting mentioned in section V. below.

IV. The Company has resolved to furnish liquidity to the investors who are awarded Bonds by making available to the Joint Lead Managers a loan of Company treasury shares representing approximately 4% of the share capital.

V. The Board of Directors is scheduled to call an Extraordinary General Meeting which is to approve, among other matters, (i) the exchangeability of the Bonds for newly issued shares of the Company, the exclusion of the pre-emptive subscription rights to which shareholders would be entitled and the corresponding capital increase to enable this exchange; and (ii) a share buyback program pursuant to European Commission Regulation 2273/2003, the purpose of which is the fulfilment by the Company of the obligations arising from the issuance of Bonds and/or the reduction of capital (also to be resolved by the General Meeting) by means of the redemption of

own shares for a nominal amount of new shares of the Company issued in order to meet the applications for exchange or conversion made by the Bondholders.

VI. B 1998, S.L., the holder, directly or indirectly, of 53.829% of the share capital of FCC, has undertaken to attend the above-mentioned Extraordinary General Meeting and to vote in favour of the resolutions proposed thereto with respect to section V. above. Also, B 1998, S.L. has undertaken with regard to the Joint Lead Managers a lock-up commitment for 50.01% of the share capital that it holds for 120 days following the signing of the Subscription Agreement."

Relevant Event number 114614

On 8 October 2009, Relevant Event number 114614 was disclosed, with information on the terms and conditions related to the issue of bonds exchangeable for shares of the Company, according to the following terms:

As a continuation of the Relevant Event disclosed today in connection with the issue of bonds exchangeable for Company shares (the "Bonds" and the "Issue"), upon completion of the bookbuilding process by Barclays Bank PLC and Société Générale (the "Joint Lead Managers"), FCC has resolved to establish the following terms and conditions for the Issue:

(a) The Company will issue five-year Bonds for a total amount of four hundred and fifty million euro (€450,000,000).

(b) The Bonds will earn interest at a fixed annual rate of 6.50%, payable half-yearly.

(c) The initial exchange price of the Bonds is €39.287 per share of the Company.

II. On this day the Company signed, with the Joint Lead Managers, a subscription agreement for the Bonds (the "Subscription Agreement") under English law, whereby the Joint Lead Managers underwrite the placement of the Bonds. Nevertheless, the subscription and payment of the Bonds will take place at the completion date, initially scheduled for 30 October 2009, provided that the related conditions established in the Subscription Agreement are fulfilled. By virtue of the Subscription Agreement, the Company has granted the Joint Lead Managers a green shoe option amounting to fifty million euro (€50,000,000) in order to cover oversubscription of the Bonds by investors.

Relevant Event number 116937

On 1 December 2009, Relevant Event number 116937 was disclosed, which included information on the Resolutions adopted at the Extraordinary General Meeting of 30 November 2009, with the following contents:

The Extraordinary General Meeting of Shareholders, held on 30 November 2009, under the provisions of article 75 of the Consolidated Public Corporations Act, has approved the motion, submitted by the Board of Directors and under the provisions of European Commission Regulation 2273/2003, regarding the share buyback programme.

The purpose of this programme is:

(i) to enable the Company to fulfil its obligations deriving from the issuance of exchangeable bonds ("the Bonds") for an amount of four hundred and fifty million euros (€450,000,000) approved by FCC pursuant to the resolution of the Annual General Meeting of Shareholders of 18 June 2008 and by virtue of the resolution of the Executive Committee of 6 October 2009, by

delegation of the Board of Directors of 30 September 2009 (Relevant Events nos. 114574, of 7 October 2009, and 114614, of the following day), and

(ii) the reduction of FCC's capital by means of the redemption of the shares acquired by virtue of the buyback programme or those existing among the treasury shares, which will hereinafter be subject to the terms and conditions of the programme approved by the General Meeting, for an amount equivalent to the number of new shares of the Company issued in order to meet the requests for exchange or conversion made by bondholders.

Likewise, the General Meeting has approved the following limits or requirements for the buyback of own shares:

- The par value of the shares acquired, added to those already held by the Company and its subsidiaries, cannot at any time exceed ten per cent of the Company's share capital.
- The acquisition price cannot be less than the par value or more than 20 per cent of the market price.
- The shares acquired are to be fully called up.

In any event, shares will be acquired at market price in compliance with volume and price conditions stated under article 3 of European Commission Regulation 2273/2003, as well as under FCC, S.A.'s Internal Code of Conduct. What is stated in article 4.3 (Trade reporting operations under the programme) and 6 (Restrictions) of the above-mentioned European Commission Regulation 2273/2003 will also be fulfilled.

The programme will be valid until 30 October, 2014, maturity date of the exchangeable bonds, unless all of them are exchanged or converted prior to that date, in which case the early completion of the programme will be stated publicly in accordance with article 4 of European Commission Regulation 2273/2003.

B) The percentage of the share capital which are treasury shares and significant variations

This information has been provided in the ACGR, section A8.

Information on the rules applying to the amendment of the Company Bylaws (art. 61 bis 4.a) 4 of Spanish Securities Market Act).

The rules applying to the amendment of the Company bylaws are included in article 17 of the Bylaws:

Article 5. Quorum for the Meeting

There shall be a quorum for the Annual or Extraordinary General Meeting, at first call, when the shareholders present or represented hold at least fifty per cent (50%) of the subscribed capital with the right to vote; at second call, when the shareholders present or represented hold at least forty-five per cent (45%) of the subscribed capital with the right to vote.

In order for the General Meeting to validly decide on bond issues, capital increases or decreases, changes of corporate form, mergers and spinoffs, the assignment *en bloc* of assets and liabilities, the overriding or limitation of the pre-emptive right to acquire new shares, the transfer of the Company's domicile to another country and, in general, any amendment to the Bylaws, shareholders possessing at least fifty (50%) per cent of the share capital with voting rights must be present or represented at the meeting on the first announced call, and at second call, forty-five per cent (45%) of said capital will be sufficient.+++

When the shareholders in attendance or represented account for less than fifty per cent (50%) of the subscribed capital with voting rights, the types of resolutions referred to above may only be validly passed with the favourable vote of two-thirds of the share capital present or represented at the Meeting.

Restrictions on the transferability of securities and restrictions on the right to vote (art. 61 bis 4.b) of the Spanish Securities Market Act).

There are none.

Information on the powers of the members of the Board of Directors and, in particular, those related to the possibility of issuing or buying back shares (art. 61 bis 4,c, 3º of the Spanish Securities Market Act).

The powers of the members of the Board of Directors, in particular those referring to the possibility of issuing or buying back shares:

A) The following powers have been delegated to Mr Baldomero Falcones Jaquotot, as Chairman and Chief Executive:

Opening and cancelling accounts: Open and cancel all kinds of current accounts, savings accounts or term deposits, in official or private Banks, including the Bank of Spain, Savings Banks and other credit or financial Institutions. Acquire, dispose of, cancel and pledge deposit certificates. Contract and cancel safe deposit boxes in Banks and other financial institutions.

Operating accounts: Sign cheques, acquire bank drafts, buy and sell foreign currency, order transfers, drafts and payment orders and, in any other form, withdraw sums from the current accounts and any other kinds of accounts, from official or private Banks, even the Bank of Spain, Savings Banks and other credit or financial entities.

Setting up standing orders: Arrange direct debit payments, receipts, bills of exchange and other trade bills in any kinds of accounts opened in official or private Banks, even the Bank of Spain, Savings Banks and other credit or financial entities.

Arranging credit facilities and loans: Arrange, in the capacity of borrower, credit facilities, loans and financial discounts, guaranteed or otherwise by certifications or invoices for works and services rendered, as well as by any other personal guarantees, with official or private Banks, even the Bank of Spain, Savings Banks, and other credit or financial entities, as well as with any natural or legal person, setting the interest, term, commission, covenants and conditions that he

may freely stipulate. Receive and pay back fully or partially the amount of such loans or credit facilities and, in relation thereto, postpone, divide and modify conditions precedent. Modify, extend and cancel fully or partially said credit facilities or loans and, as a means of implementation, sign the corresponding policies or contracts and accept, issue or endorse, as the case may be, bills of exchange and any other necessary documentation. Request, contract, amend and cancel the opening of simple or documentary credits of any kind.

Credit facilities and loans as lender: Arrange, in the capacity of lender, credit facilities and loans, with or without personal or real guarantees or pledges, setting the interest, term, commission, covenants and conditions that he may freely stipulate and, in relation thereto, postpone, divide and modify conditions precedent. Amend, extend and cancel fully or partially said credit facilities or loans and, as a means of implementation, sign the corresponding policies or contracts and accept, issue or endorse, as the case may be, bills of exchange and any other necessary documentation. Request, contract, amend and cancel the opening of simple or documentary credits of any kind.

Endorsing certifications: Endorse or pledge to official or private Banks, even the Bank of Spain, Savings Banks and other credit or financial entities, certifications for works or services rendered that are to be received from the State, Self-governing regions or authorities, Provincial Councils, Canary Island Authorities, Town Councils or local authority associations, or from any other public or private entities.

Making deposits: Make deposits in any kind of account.

Collections: Collect credit, whatever the amount, source or nature, owed by the State, Self-governing regions or authorities, Provincial Governments, Canary Island Authorities, Town Councils or Local authority associations and any other entities or natural or legal persons, whether public or private, signing the relevant receipts or discharges, for full amounts or sums paid on account, as well as receive amounts as refundable prepayments. Assign trade credit facilities (factoring).

Collecting by means of registered documents: Collect credit, whatever the source or nature, owed by the State, Self-governing regions or authorities, Provincial Governments, Canary Island Authorities, Town Councils or Local authority associations and any other Entities or natural or legal persons, whether public or private, signing the relevant receipts or discharges, for full amounts or sums paid on account, as well as receive amounts as refundable prepayments. This power may be exercised exclusively when the payment is made by means of a cheque, promissory note, bill of exchange or any other trade bill issued as payable to the creditor Company or at the order thereof.

Issuing and negotiating trade bills: Issue, draft, negotiate, endorse and collect bills of exchange, money orders and letters of instruction, and collect and endorse promissory notes, cheques and bank cheques, prepare re-draft accounts and protest or request the control of the aforementioned mentioned trade bills.

Requesting statements: Request statements of account from official or private Banks, even the Bank of Spain, Savings Banks and other credit or financial entities.

Accepting statements: Accept or challenge statements of account from official or private Banks, even the Bank of Spain, Savings Banks and other credit or financial entities.

Contracting guarantees for the principal: Request and contract guarantees for the principal Company with official or private Banks, even the Bank of Spain, Savings Banks and other credit

Institutions, finance or insurance companies, by means of the establishment by the above-mentioned entities of bonds, guarantees, surety bonds, rights *in rem* and other guarantees.

Securing and Collateralising the Principal and its Subsidiaries: Request and contract guarantees for the principal Company, as well as guarantee and collateralise its subsidiaries, with official or private Banks, even the Bank of Spain, Savings Banks and other credit Institutions, finance or insurance companies, by means of the establishment, by the above-mentioned entities, of technical bonds, that is, guarantees related to contracting (provisional or definitive bonds), guarantees of the certification of storing machinery in works contracts or contracts for the rendering of services or supplies, signing for the purpose the documents they freely stipulate among them.

Accepting trade bills and signing promissory notes: Accept bills of exchange and other trade bills and sign promissory notes.

Making and cancelling deposits: Make, with the General Deposits Fund and all its Delegations, as well as with any other bodies of the State, Self-governing region, Provincial Government or Province, Canary Island Authority, Municipality or Local authority association, Banks, or public or private entities, even with individuals, all kinds of bonds, provisional and definitive deposits, made by means of cash, securities, bonds, recognised or any other credit facilities, as guarantee for contracts, offers or bids. Substitute any other securities for those that are paid back. Receive the amount corresponding to the coupons on those securities. Request the return of bonds, guarantees and provisional and definitive deposits, withdrawing cash, guarantees, bonds and securities deposited, receiving the interest yielded by said guarantees or deposits and cancel, as the case may be, and sign evidence of payment, receipts, drafts and any other public or private documents that are pertinent in each case.

Paying: Pay any amounts that are owed, demanding the relevant receipts, discharges and evidence of payment. Assign the handling of invoice payments to credit institutions (confirming).

Submitting offers and bids: Make offers, take part in all kinds of auctions, tenders, tender-auctions or any other type of tenders that may be called. Present, for the purpose, the relevant proposals, even collectively, jointly and severally or jointly, with other entities taking part, whether natural or legal persons, as well as also in Economic interest groups, Joint Ventures (UTEs), or any other types of associations. Undersign any public or private documents that are necessary, including drawings, projects and any others related to the bid or tender.

Representing the Company in the opening of sealed bids: Attend the acts where proposals are opened in relation to any kind of tenders called by public or private entities, whether natural or legal persons, as well as present, before the contracting board or the body or entity calling the tender, any claims, reservations or remarks that he deems appropriate, and sign the corresponding minutes that are drawn up.

Contracting the execution of works, the rendering of services and the sale of supplies: Enter into contracts, assign, modify and terminate them and, as the case may be, rescind them, with any person, whether public or private, natural or legal persons, the State, Self-governing regions or authorities, Provincial Governments, Canary Island Authorities, Town Councils or Local authority associations, provided that said contracts have the object of executing or rendering, by the principal, all kinds of works, services, supplies, as well as in any kind of contracts related to concessions, leases and administrative arrangements. Accept all kinds of awards granted to the principal. Negotiate, agree to and accept contradictory, reformed or additional prices. Seek the definitive settlement of the contracts.

Layout for the works: Appear in person to check layouts and when works are being taken over, whether provision or definitive receptions, whatever their nature and the contracting entity, whether it is a natural or legal, public or private person, the State, Self-governing regions or authorities, Provincial Governments, Canary Island Authorities, Town Councils or Local authority associations, or individuals, undersigning the minutes and any documents that are necessary or appropriate and issue the statements and reservations that he considers appropriate.

Buying and contracting: Contract, modify, terminate and, as the case may be, cancel the acquisition and supply of materials or facilities and the rendering of services, as well as the execution of all kinds of works or part of them and the rendering of services by third parties.

Supplies of water, electricity and telephone: Contract water, gas, electricity and telephone supplies and connections with the supplier companies.

Insurance: Contract, modify, redeem, pledge, terminate, cancel and settle all types of insurance, signing the insurance policies and contracts with the Insurance Companies in the conditions he considers appropriate, and collect the indemnities that are due from the insurance companies.

Foreign trade licences: Make all kinds of petitions with Official Authorities, to request concessions, permits or import and export licences, with no limitations whatsoever and, in relation to said concessions, permits and licences, submit documents, appear in person in procedures and proceedings, hear notifications and lodge appeals.

Receiving correspondence: Receive all kinds of correspondence, declared value sealed documents, money orders and packages. Pick up merchandise, packages, envelopes or any other shipments from customs and from carriers and railway companies, lodging the relevant claims when appropriate.

Undersigning correspondence: Undersign postal, telegraphic or any other kinds of correspondence.

Issuing certifications: Issue appraised lists and certifications of works or services performed.

Collective bargaining: Negotiate and undersign collective agreements, whatever their scope.

Labour relations: Open up work centres, contract, modify, extend, terminate and, as the case may be, cancel labour contracts, establishing with personnel the economic, labour and other conditions that it considers appropriate. Undersign the corresponding labour contracts. Institute procedures and adopt disciplinary measures. Carry out, with the Labour Ministry, Social Security offices, Employment Offices, Trade Unions and other Bodies, all kinds of formalities, actions and proceedings, presenting and signing any written documents, applications and other documents that are necessary. Act before the Labour Inspectors in any proceedings or procedures handled by or with them.

Labour procedures: Appear before Labour Courts, High Courts of Justice, the National Criminal Court, the Supreme Court or any administrative or jurisdictional bodies in labour matters. Carry out conciliations, reaching a compromise or otherwise. Agree to issues or differences, submit applications, documents and writs, as plaintiff or defendant, expressly granting powers of attorney to reply to interrogatories, ratify in the latter and in any actions and proceedings where these requirements are necessary, and any other actions he deems convenient.

Urbanise and dividing estates into plots: Urbanise and re-plot property, request the approval of land qualification plans and newly built industrial estates, plotting and re-plotting and accept and, generally, be involved in all the actions covered by the Land and Urban Planning Act and supplementary laws and by the Municipal Ordinances. Assign real estate under any title for

urbanisation purposes. Make abutments and mark-outs, make groupings, aggregations, separations and divisions of estates. Request registrations of properties, recordings of excess and reductions of capacity and rectifications of boundaries, new descriptions and all kinds of entries in the land registry. Request building permits, make new building work declarations, erect buildings as condominiums or any other kind of community, set the holding percentages and draw up, as the case may be, the bylaws and regulations. Divide communal properties and accept awards.

Rights in rem on properties: Establish, accept, modify, redeem and terminate mortgages, usufructs, censuses, easements and all kinds of rights *in rem* on properties.

Lease of third-party properties: in the capacity of tenant, contract the lease of all kinds of properties, even if the lease can be recorded with the Land Registry, as well as extend, assign, modify, repudiate, terminate, and as the case may be, rescind the corresponding contracts.

Lease-out properties: Lease out all kinds of property, even if the lease can be recorded with the Land Registry. Grant, extend, modify, repudiate, terminate and, as the case may be, rescind the corresponding contracts. Evict occupants, settlers and tenants.

Financial Lease of Properties: Enter into contracts, assign, modify and terminate them and, as the case may be, rescind them, with any person, whether natural or legal, public or private persons, provided that the object of such contracts are financial lease transaction in respect of properties.

Purchase and sale of vehicles and movable property: Buy, sell, withdraw, swap and, under any other title, acquire or dispose of, purely or conditionally, with deferred or disclosed price or paid cash, all kinds of properties (except the purchase and sale of shares in companies) and vehicles, without exceptions. Pay or receive, as the case may be, the price of the acquisitions or disposals. Establish or accept the rights in rem as guarantee and stated conditions precedent on said movables or vehicles and, in the case of sale, accept any class of guarantees that may be established to secure the deferred price of the disposals of said properties or vehicles.

Determine on his own, freely and with no restrictions or limitations whatsoever, the conditions under which the above-mentioned acquisitions, disposals and swaps must take place and, for such purposes, carry out any proceedings, formalities and acts before the Traffic Authorities, Tax Delegations, Town Councils, Customs and other public and private Authorities, with no exception whatsoever.

Lease third-party vehicles and movable property: in the capacity of lessee, contract the lease of all kinds of vehicles and movable property, as well as grant, extend, modify, repudiate, terminate and, as the case may be, rescind the corresponding contracts.

Lease out vehicles and movable property: Lease out all kinds of vehicles and movable property, as well as grant, extend, modify, repudiate, terminate and, as the case may be, rescind the corresponding contracts.

Financial Lease of Movable Property: Enter into contracts, assign, modify and terminate them and, as the case may be, rescind them, with any person, whether natural or legal, public or private persons, provided that the object of such contracts are financial lease transaction in respect of movable property.

Rights in rem on movable property: Establish, accept, modify, redeem and terminate mortgages on movable property, pledges, usufructs and all kinds of rights *in rem* on movable property.

Purchase of credits and other incorporeal rights: Buy and, in any other form, acquire, in one cash payment or in instalments and, under the conditions he deems convenient, all kinds of credit

facilities and other incorporeal rights, provided that such credit facilities or rights are not represented by securities or book entries.

Sale of credits and other incorporeal rights: Sell, dispose of, pledge and, in any other form, encumber or transfer, in one cash payment or in instalments and, under the conditions he deems appropriate, all kinds of credit facilities and other incorporeal rights, provided that such credit facilities or rights are not represented by securities or book entries.

Incorporation of companies: Establish civil and commercial-law companies. Subscribe shares, debentures and equity interests and pay out sums in cash or by means of any goods. Waive the pre-emptive subscription rights in the issuance of shares, debentures and equity interests. Accept exchanges, conversions and redemptions. Approve, accept and modify bylaws, and the shareholders' agreements referring to the relations among them or in respect of the company, which supplement, substitute or modify the contents of the rights and obligations of the partners arising from the bylaws. Appoint, accept, waive, remove and replace persons in representative, administration, management and legal representative positions, determining in each case their powers, and appoint Managers, members of the Management Bodies and other positions, being able, as the case may be, to designate, remove and replace third persons as representatives of the principal company in the performance of the functions of the office for which he is appointed.

Incorporation of Joint Ventures (UTES) and other associations: Incorporate, extend, modify, transform, wind-up and liquidate Associations, Economic Interest Groups, Joint Ventures (UTES), or any other kind of Associations. Subscribe equity interests and pay out sums in cash or by means of any goods. Waive the pre-emptive subscription rights in the issuance of equity interests. Accept exchanges, conversions and redemptions. Approve, accept and modify bylaws, and the shareholders' agreements referring to the relations between them or in respect of the association, which supplement, substitute or modify the contents of the rights and obligations of the partners arising from the bylaws. Appoint, accept, waive, remove and replace persons in representative, administration and management positions, being able, as the case may be, to designate, remove and replace third persons as representatives of the principal company in the performance of the duties of the office for which he is appointed.

Representation before governing bodies of Companies and other Associations: Attend and vote at Annual, Extraordinary or Universal Meetings, exercising all the rights and fulfilling all the obligations inherent in the capacity of member. Approve or challenge, as the case may be, the company resolutions.

Attend and vote at meetings of Boards of Directors, Committee or any other Administration Bodies of Companies, Joint Ventures (UTES), Economic Interest Groups or any other types of Associations, approving or challenging, as the case may be, the resolutions that are passed.

Hold office and be present on the committees to which he is designated in the Governing Bodies of Companies, Joint Ventures (UTES), Economic Interest Groups or any other types of Associations, exercising the rights and fulfilling the obligations inherent thereto.

Representation: Represent the principal in procedures, appeals, proceedings or claims, whatever their nature and amount, before the State, Self-governing regions, Provincial Governments, Canary Island Authorities, Town Councils and Communities, Courts of Law, Tribunals, Prosecution Services and, in general, before any other bodies with jurisdiction and, at them, seek, carry forth and complete, as plaintiff, defendant or in any other capacity, all kinds of proceedings, conciliations, civil, criminal, administrative, economic-administrative, contentious-administrative, governmental and fiscal or tax-related trials and proceedings of all degrees, jurisdictions and classes. Submit petitions and lodge actions and exceptions in any procedures, proceedings and

appeals, including appeals for review and other extraordinary appeals. Whenever required, personally ratify and respond to interrogatories and, generally, carry out any court or out-of-court actions supplementing the procedure. Lodge, follow up and withdraw from all kinds of appropriate appeals, against resolutions of the State, Self-governing regions, Provincial Governments, Canary Island Authorities, Town Councils and Local authority associations, or public or private Authorities or Bodies which in any way infringe or might infringe the rights of the principal, making any declarations and executing any documents required to exercise those powers. Appear before all kinds of entities and sign and monitor any proceedings, writs, applications, requests and documents that are necessary.

Transactions: Compromise in all kinds of matters and disputes, and withdraw from actions and appeals, under the conditions, covenants and with the obligations he considers appropriate. Excepted are transactions entailing the acquisition or disposal of property or rights in rem. Arrange, compromise and commit all the credit facilities, rights and actions, controversies and disputes.

Arbitration: Submit the solving of all kinds of controversies and disputes to the judgment of arbitrators. Execute the corresponding public deed designating the arbitrators, setting the matters subject to their decision under the terms and conditions he deems convenient. Accept the arbitration award or lodge the legal appeals and, generally, perform and execute whatever is allowed by the arbitration in force in terms of arbitration.

Grant of powers of attorney to Solicitors and Barristers: Grant powers to Solicitors and Barristers, with general powers of attorney to take part in lawsuits or the special powers for lawsuits he considers fit, even with powers of substitution, and revoke those powers when he thinks it is appropriate.

Accepting debt recognitions and goods as payment: Accept debt recognitions by third parties and the guarantees that are offered and established, whether they are pledges with or without removals, mortgages or antichresis, or the award of movable properties or real estate, establishing, in any event, the clauses and conditions he considers appropriate. Accept as payment of debts all kinds of movable property, real estate and rights at their appraised value or that which he freely agrees to under the conditions he considers appropriate.

Attending Creditor Meetings: Take part representing the company, exercising all its rights in the bankruptcy proceedings of debtors regulated by Act 22/2003, of 9 July, the Bankruptcy Act and, especially, designate, if the company itself is appointed received by one third of the creditors, the professional who fulfils the legal conditions to be appointed by the Judge handling the proceedings, according to article 27 of the Act, and adhere to the arrangement proposals and attend, with voting rights, bankruptcy creditor meetings, accepting or rejecting the arrangement proposal and the guarantees offered as security for the credit facilities, pursuant to articles 103, 108, 121 and related articles of the same Act and take part in the enforcement of the arrangement and, as the case may be, in the liquidation following the bankruptcy. Generally, for everything set out above, exercise the actions and rights to which he is entitled as well as the powers granted to creditors by Law.

Obtaining notarial public deeds: Obtain all kinds of notarial public deeds. Attain records of ownership, resumption of chain, releases from encumbrance and high-profile events. Serve, accept and reply to notifications and notarial injunctions. Formalise public deeds of clarification, modification or correction of errors.

Tax statements: Sign statements, settlements, listings or any other fiscal or tax-related forms.

Purchase of securities: Buy and, in any other way, acquire, in cash or in instalments and under the conditions he considers appropriate, public securities, debentures, bonds, equity interests and other securities. Justify the acquisition and holding thereof and receive them. Make statements and lodge claims.

Sale of securities: Sell, dispose of, pledge and, in any other way, encumber and transfer, in cash or in instalments and under the conditions he considers appropriate, public securities, debentures, bonds, equity interests and other securities. Convert them, exchange them and deliver them, make statements and lodge claims.

Purchase of treasury shares: In compliance with the requirements established in article 75 and the first additional provision of the Consolidated Text of the Public Limited Companies Act and within the limits and conditions set by the authorising General Meeting, buy and in any other way acquire, in cash or in instalments, treasury shares of the principal Company.

Sale of treasury shares: Sell, dispose of, pledge and, in any other way, encumber and transfer, in cash or in instalments and under the conditions he considers convenient, treasury shares of the principal Company.

Securing and collateralising third parties: Secure and collateralise third parties and for such purpose provide, in the name of the principal Company, all kinds of guarantees, including mortgages and pledges.

Purchase of properties: Buy, withdraw and, under any other title, acquire, purely or conditionally, for a deferred price (represented by bills of exchange or otherwise), a disclosed price or cash, all kinds of real estate and rights *in rem*. Grant and cancel the real guarantees he considers convenient as security for the deferred price, even a mortgage encumbering the acquired goods or an express condition precedent, or any combination of these or other guarantees. Establish, in respect of the guarantees that are provided, automatic cancellation formulas or, with the unilateral intervention of the buyer, accept, modify and exercise call options on properties and other rights *in rem*.

Sale of property: Sell, swap and under any other title dispose of, purely or conditionally, at a deferred or disclosed price or in cash, all kinds of real estate and rights *in rem*. Accept the personal and real guarantees he considers appropriate to ensure the collection of the deferred price, even a pledge, mortgage or express condition precedent, or any combination of these and other guarantees. Collect the deferred price, provide receipt of payment and cancel the guarantees. Establish, in respect of the guarantees received, automatic cancellation formulas or formulas for the unilateral intervention of the buyer. Grant, modify and waive call options on property and other rights *in rem*.

Sale of property developments: Sell homes, business premises, offices, storage rooms, parking places and any other property units, setting the prices, payment methods and interest, as the case may be, that he considers appropriate.

Substitution of powers of attorney: Substitute the preceding powers of attorney, fully or partially, granting them to the persons he considers appropriate. Limit, restrict or modify the contents of each of those powers in the cases and in the manner he deems necessary. Revoke the granted powers, regardless of the person or company body that granted them, even if they were granted by the Board of Directors, by the Administrators or by the Executive Committee, as the case may be, and the legal representative shall conserve each and every one of the powers that are substituted for those withdrawn.

In relation to the possibility of issuing or buying back shares, according to the preceding provision, with his signature alone he may:

- sell and buy treasury shares
- buy and sell securities

B) To the Director and Vice-secretary, Mr Felipe Bernabé García Pérez, in his capacity as General Secretary, the following powers of attorney have been granted (not a delegation of powers):

Powers he may exercise with his signature alone:

- Representation in the opening of sealed bids
- Water, electricity and telephone supplies
- Foreign trade permits
- Receive correspondence
- Undersign correspondence
- Lease third-party properties
- Rights *in rem* to movable property
- Incorporate Companies
- Incorporate Joint Ventures (UTES) and other associations
- Representation before the governing bodies of Companies and other Associations
- Representation
- Transactions
- Arbitration
- Grant powers of attorney to solicitors and barristers
- Accept debt recognitions and goods as payment
- Attend creditors' meetings
- Obtain notarial deeds
- Tax statements

Powers that he may exercise signing together with another legal representative has been granted the same powers:

- Buying and contracting
- Insurance
- Rights *in rem* to property
- Lease out property
- Financial lease of property
- Purchase and sale of vehicles and movable property
- Lease of third-party vehicles and movable property
- Lease out vehicles and movable property
- Financial lease of securities

Information on significant agreement entered into by the Company which shall enter into force, be amended or terminated in the event of a change of control of the company following a takeover bid, and the effects thereof, except when the dissemination is seriously harmful for the company. This exception shall not apply when the company is legally obliged to publicise this information (art. 61 bis 4. C) 4 of Spanish Securities Market Act).

There are none.

Information on agreements between the company and its administration and management officers and employees with severance pay when they resign or are subject to wrongful dismissal or if the labour relationship ends because of a takeover (art. 61 bis 4. C) 5 of Spanish Securities Market Act).

The Company has not set up pension plans to supplement social security pensions. According to the provisions in the Consolidated Text of the Pension Plans and Funds Regulation Act, in specific cases where there are similar obligations, the Company outsources commitments with its personnel related to this matter.

Following the authorisation of the Executive Committee, an insurance premium was taken out and paid to meet the payment of contingencies related to death, permanent disability for working, retirement bonuses and other items to the benefit, among others, of some of the executive directors and senior management. In particular, the contingencies giving rise to indemnity are those that entail the termination of the employment relationship for any of the following reasons:

- a) Unilateral decision by the Company.
- b) Winding up or disappearance of the parent company for any reason, including merger or spin-off.
- c) Death or permanent disability.
- d) Declaration of physical disability or legal incompetence for any other reason.
- e) A substantial change in professional conditions
- f) Termination, at the age of 60, at the executive's request and with the Company's consent.
- g) Termination at the age of 65, by the unilateral decision of the executive.

The Company has subsequently agreed to a severance pay for other executive staff members only in the event of the unilateral termination of their contracts by the Company before a certain minimum period of time has elapsed. Clauses of this kind are also contained in the contracts signed with the Chairman and Chief Executive, with the Board of Directors' approval.